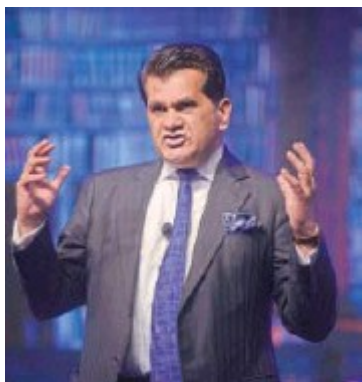


## ‘Need to push for strategic disinvestment in a big way’

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**ABHIJIT BHATLEKAR/MINT**NITI Aayog CEO Amitabh Kant.

India has jumped 30 notches in World Bank's ease of doing business rankings, up from 130 last year to 100 this time. Amitabh Kant, chief executive officer of federal policy think tank NITI Aayog, shares his thoughts on the development and how the country can move even faster. Edited excerpts from an interview:

You had said 50 in three years when this government came to office. It is not 50, 100. So we have covered significant ground. But what needs to be done to ensure that we actually improve on this ranking considerably? I will point out some of the areas where we continue to do poorly. For instance, in dealing with construction permits, it has improved from 185 to 181. Starting a business, 155, we are actually down a point to 156. So where do you believe we have fallen short and what more can be done to actually ensure even a better performance?

First of all, I am a great believer that India can easily jump into the top-50 because there is great political will. The first meeting which the Prime Minister had addressed to the secretaries, he talked about making India easy and simple. The Prime Minister has been a great believer in structural reforms.

The country has pushed for major structural reforms, GST, RERA, bankruptcy law, scrapping 1200 laws. All these are major structural changes the kind of which the country has never seen before. Now while we have jumped 30 positions, it is a remarkable achievement. Actually in the last three years, India has jumped 42 positions. From 142 in 2014, we are at 100 now. So we have jumped 42 positions. Now we need to push this momentum and get into 50. Now my view is very simple. Just focus on one, it is very difficult to get construction permits in Mumbai and Delhi.

You need to make it online, documents are spread in several documents, make it online. No human intervention there. Registering a property is very complex and thirdly, enforcement of contracts. Enforcement of contracts, actually frontier to distance, we have gone worse. The number of days, we have gone worse and this shows that you can reform, you have carried out reforms in the government, but it is very important to carry reforms in commercial courts, ensure that there are no adjournments beyond three days and the number of days within which commercial cases are solved is much quicker, much faster and that we are able to establish commercial courts at district level. So on the issue of enforcing contracts, you are saying we have actually done worse, but if you look at the headline number we have actually done better because we have improved from 172 to 164.

If you do a more detailed, in depth analysis, the number of days is longer, the judicial processes have increased and the distance to frontier has actually increased in enforcement of contracts. So, actually that is the area from 166 position, we need to jump radically. It is very doable.

So what will it take to jump radically on that particular parameter? Just three things. One, establish commercial courts at district level, Delhi, Mumbai. Do online record management of courts, number two. Thirdly, I think it is very important that do not give more than three adjournments which is what the civil procedure court entails. We give adjournments ad nauseam. So we need to bring it down to just three and you will see India making a big jump. You just talked about one of the big structural changes which is RERA for instance, but what seems to have gone wrong here?

Registering property, the complication is that property documents are spread out in too many places. If I have to register a property, I go from court to the land record office to the registering property office, too many places. We need to bring in a titling law and we need to digitize every- thing. And once you do this, in fact, NITI has prepared a titles law on land records so that it is not just registering, but it will give you the title and we are asking some states to push for that reform. And eventually, in the long run, you need a titling law and you need to digitize all your land records and ensure that across departments, it is all online transactions.

Are you disappointed that on starting a business, we have actually dropped another point. We are down to 156 versus 155. This was our aspiration of making it easier to start a business. You were the one who launched

Startup India for instance. Is this an area of concern and disappointment?

Actually on starting a business, it has become far more easier in India. It has really become easier. You can register a company in one day. You can do an MSME in half a day actually. But the processes have not yet been cut down. We need to converge, integrate, we need to digitize more. We need to make our processes far more easier and simpler and that is work in progress. So you will see a major jump next year on that. On this specific indicator?

On the registering.

What are the changes that you anticipate? There are several. That is a lot of work in process and actually the department of company affairs has made radical changes. But it has not shown up in the response. What happens with the World Bank survey is not that you have carried on changes.

Do you believe that while this is good news from a messaging perspective, especially from a business confidence perspective, it will encourage any change as far as the investment cycle is concerned?

Let me tell you first tell you that it is a huge achievement for India. It is a huge achievement. No country in the world has made such a big quantum jump over 2-3 years, 42 positions. It also shows India's commitment for reform. It also shows that Prime Minister has lived up to what he had talked about, rolling out the red carpet. But it is important to understand that structural changes of this nature take a little while and we need to just continue the momentum in a very big way. Keep pushing for change. Keep pushing for structural reform. Keep ensuring that they get implemented at grassroots level.

But the good thing is that these kind of reforms have actually led to a major inflow of foreign direct investment (FDI). India has been the largest recipient of FDI. We have been the number one recipient beating China. Our FDI has jumped up by over 61% at a point of time when FDI across the world has fallen by 16%. So we have demonstrated India's great ability to attract foreign investment and now, we need to ensure that like the foreign direct investment, we must push for domestic investment. Indian private sector must have great belief in their ability to create wealth within India. But do you have confidence that we are now on the cusp of seeing the recovery?

I am absolutely confident. With major reforms like this, with the reforms like RERA. Part of the problem is that the private sector had created overcapacity. Part of the problem is that there was a series of judgements about cancelling telecom licences, coal licences, there was a legacy. So we are at it now with the latest structural reforms of NPAS with the banks, with capitalization of the banks, a big thrust towards banking sector reforms. And I personally foresee that in the next 7-8 months, you will have the private sector getting back into investment as the global economy picks up, as global demand goes big steam ahead, you will see a lot of momentum on the private investment in India.

There are different opinions coming in from various quarters of government. The finance minister believes that we should stick to the path of fiscal consolidation and that recapitalization of banks perhaps is the best form of stimulus at this point in time. Do you believe that fiscal consolidation and the fiscal discipline that this government has exercised over the past three years, that is the path to follow or do you believe if it means a little bit of looseness to try and stimulate the economy at the cost of the fiscal deficit target at 3.2%, that is okay?

I am a great believer in fiscal discipline. I strongly believe that the last three years, the government has done a tremendous work in bringing in fiscal discipline.

We must stick to it in a very determined manner. This alone will send the right message across the world. But it is also important that you need resources to push for investment. After all, the government has more than made up for the private sector investment through its investment in railways, in roads, etc.

And to be able to do that, we need to push for strategic disinvestment in a big way. We need to push for many of our roads which have been completed, many of our airports which have been completed where projects are derisked, where revenue streams are already flowing in and that is what the cabinet has decided through the Bharatmala scheme that a substantial component of it actually will be raised through sales of roads and that will enable them to push for more and more investment.

While you are talking about monetization of road projects, on strategic disinvestment and your former vice-chairman was very public about the fact that he was disappointed with what had happened, the slow pace as far as strategic disinvestment is concerned. The government is also concerned on the non-tax revenue front. Do you feel that we could perhaps pick up the pace on strategic disinvestment or do you believe that in this financial year at least, it is going to be hard to see any big ticket divestment?

Actually department of investment and public asset management (DIPAM) is going to cross its target.

That is largely on account of the OFS, etc. that is going on.

But out of the four tranches of strategic disinvestment that NITI has recommended, over 34 public sector units that we have recommended for strategic disinvestment, three tranches have already been approved by the cabinet. The fourth one is going shortly.

INTERVIEW