



# Ease of Doing Business Reforms

## Why in News?

According to the Department of Expenditure, Ministry of Finance, Rajasthan has become the 6th State in the country to successfully undertake **“Ease of Doing Business”** reform. Thus, the State has become eligible to mobilise additional financial resources of Rs. 2,731 crore through Open Market Borrowings.

- The other five states on the list are Andhra Pradesh, Karnataka, Madhya Pradesh, Tamil Nadu and Telangana.

## Key Points

- The ease of doing business is an important indicator of the investment friendly business climate in the country.
- In May 2020, the Government of India granted additional borrowing permissions to States who undertake the reforms to facilitate ease of doing business. The reforms set forth in this category are:
  - Completion of first assessment of **‘District Level Business Reform Action Plan’**.
  - Elimination of the requirements of renewal of registration certificates/approvals/licences obtained by businesses under various Acts.
  - Allocation of inspectors by implementation of computerized central random inspection system.
- To address the challenges of the **Covid-19 pandemic**, the Government increased the borrowing limit of the States by 2% of their **Gross State Domestic Product (GSDP)**. Half of this allowance was tied to the States implementing citizen-centric reforms in four areas:
  - Implementation of **One Nation One Ration Card System**
  - Ease of doing business reform
  - Urban Local body/ utility reforms
  - Power Sector reforms

## Note

Open Market Borrowings (OMBs) is a method of raising funds by corporates or government entities by issuing securities such as bonds, debentures, or treasury bills to the public.

- These securities are issued in the open market and are available to purchase by anyone interested in investing in them. The **Reserve Bank of India (RBI)** regulates the OMBs in India.