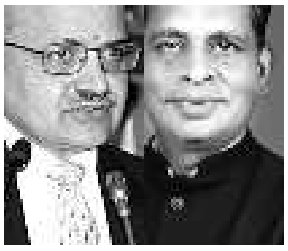
mint
LIVEMINT.COM

GUEST VIEW

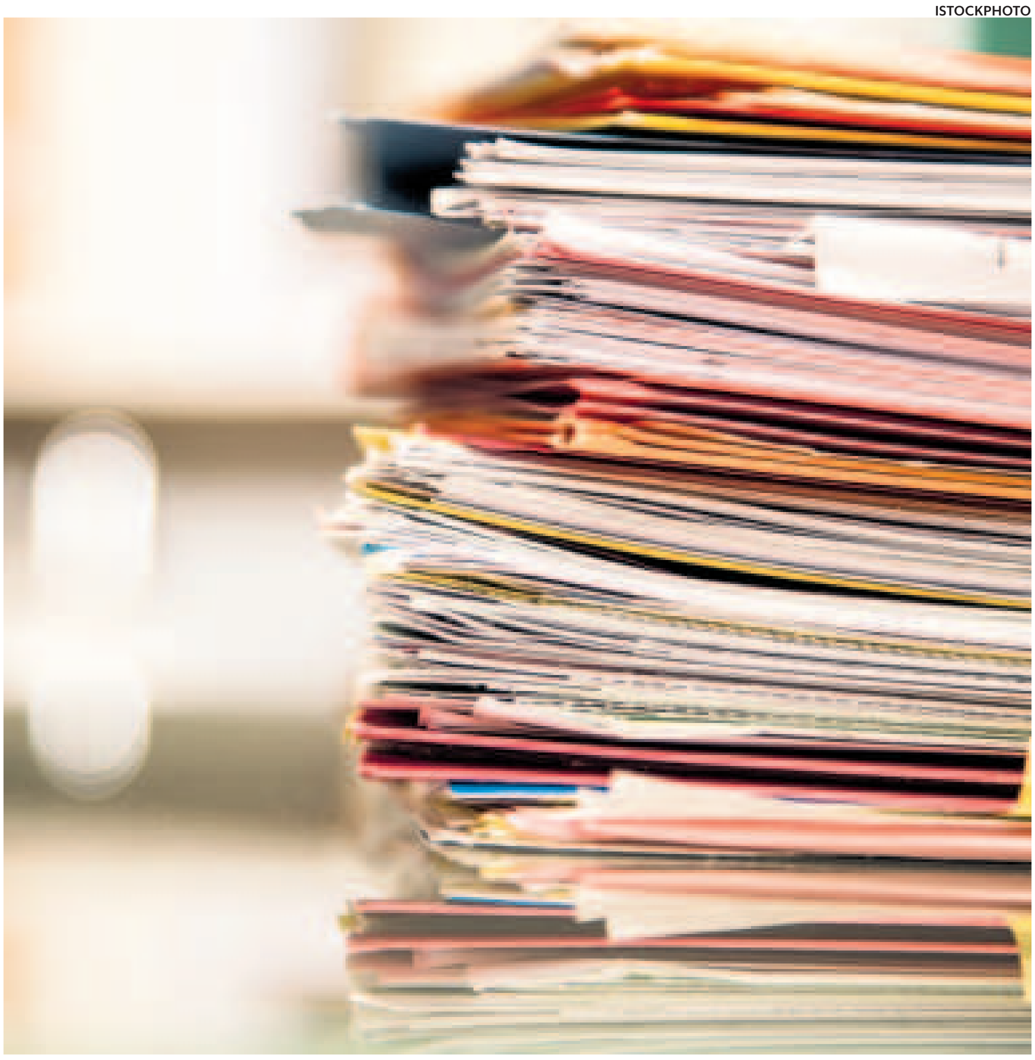
The Reforms Express is gaining speed but has a long way to go

Indian reforms will deliver the goods once the culture of governance changes in ways that enable India to reach its destination



B.V.R. SUBRAHMANYAM & PIYUSH DOSHI
are, respectively, former CEO, Niti Aayog, and operating partner, The Convergence Foundation

ISTOCKPHOTO



Ernest Hemingway once described bankruptcy as happening in "two ways: gradually, then suddenly." The same observation applies to meaningful change. Alternatively put, change whispers for years before it finally shouts. India's reform journey reflects this pattern—starting slowly, gathering momentum over time and now accelerating.

Over the past decade, India has made significant strides on economic reforms. The Insolvency and Bankruptcy Code of 2016 marked a pivotal step toward improving recovery outcomes for creditors and expediting resolution processes. Tax reforms followed over the next few years, including the roll-out of India's Goods and Services Tax (GST) in 2017, corporate tax cuts and the introduction of faceless income tax assessments in 2019, and subsequent GST rate rationalization. Labour codes were introduced in 2020 and have recently been notified, while Jan Vishwas Acts (2023, 2026) decriminalized over 950 provisions across 120-plus laws.

Alongside, the economy has been progressively liberalized. Foreign Direct Investment limits have been eased in sectors such as insurance, defence and telecommunications. Even atomic energy has been opened to private participation. Institutional mechanisms such as the Business Reform Action Plan foster competitive federalism by ranking states based on reform implementation.

What began as incremental changes has now snowballed into a broader reform momentum, particularly over the past year. The *Economic Survey 2024-25* called for continuous regulatory reforms for industries to operate efficiently and cost-effectively. It proposed a structured three-step approach for states: identify areas for deregulation, benchmark regulations against other jurisdictions and estimate their cost impact on enterprises.

To deliver on these goals, the Centre set up a taskforce on deregulation and compliance reduction under the cabinet secretary. The taskforce has focused on identifying priority reform areas and monitoring their implementation across states, covering sectors such as land use, construction, utilities, labour, environment, education and health. Several states have begun to make progressive changes, such as removing restrictions on women working night shifts, easing limits on working hours, reducing setback requirements, increasing the threshold for registration under labour laws, rationalizing pollution board approval requirements and restrictions under building by-laws and eliminating stringent land requirements for private schools.

In August 2025, a high-level committee on deregulation was constituted under the chairmanship of Rajiv Gauba, member, Niti Aayog, and former cabinet secretary. The committee includes senior officials from the Department for Promotion of Industry and Internal Trade, ministry of micro, small and medium enterprises (MSMEs), and so on, along with industry representatives. This panel has recommended a series of high-impact reforms across ministries and industrial sectors. Many of these recommendations have already been implemented, including the rationalization of green-cover requirements, simplification of environmental clearances, streamlined approvals under the Petroleum and Explosives Safety Organisation, and removal of certain approvals for research from the purview of the Central Drugs Standard Control Organization (CDSCO).

The economic impact of these reforms will be substantial. For instance, the removal of CDSCO test licence requirements is expected to save pharmaceutical companies about ₹250 crore—around 2% of their R&D expenditure—thereby spurring innovation. Similarly, easing green-cover norms could unlock 120,000 hectares of industrial land and reduce project costs by 5–20% in urban areas. Compliance cost reductions are estimated at ₹3–5 lakh per unit, alongside a reduction in timelines for environmental clearances by three to six months.

However, these mark baby steps in India's Viksit Bharat journey. Becoming a $30 trillion economy requires reforms to be treated as a continually evolving process rather than a one-time effort. The West Asian crisis added urgency to this agenda and opened up opportunities. Geopolitical instability has triggered supply-chain disruptions, energy price volatility and a reconfiguration of global capital flows. Seizing opportunities demands reforms that go beyond compliance simplification. Tariffs on inputs need not just significant rationalization but complete elimination. The current structure still imposes avoidable costs on domestic manufacturers and undermines manufacturing and export competitiveness across several sectors. It disincentivizes Indian firms from being part of global value chains and is particularly biased against labour-intensive MSMEs. Tariff policy must not become an instrument of protectionism, particularly for inefficient domestic manufacturers.

Clear tax policy must deliver genuine certainty. Foreign investors consistently cite tax unpredictability as a deterrent, and retrospective changes erode long-term confidence. Land acquisition frameworks, depth of capital markets and the quality of dispute resolution require sustained attention if India is to compete for reallocated global capital. The geopolitical window is real but will not stay open indefinitely.

Many companies and individuals remain rightly sceptical of whether reforms on paper translate into a different experience on the ground. In India's regulatory ecosystem, a bureaucrat bent on denying permission will always find grounds to do so—and equally, one who is disposed to enable will find a way through. This discretion is the core problem that process reforms alone cannot solve.

The shift needed is in mindset: from a culture of the 'referee' who enforces rules to that of a 'coach' who enables outcomes. Reform will only deliver its full potential when accompanied by a corresponding change in the culture of governance—and that is a harder, slower task than passing any law.

The clarion call of reforms from Prime Minister Narendra Modi must now be absorbed by the executive in both letter and spirit. The scaffolding of policy is increasingly in place. What remains is the will—at every level of the governance system—to make it work.