JAN VISHWAS BILL 2.0

Why is in News?

In response to the India Business Corruption Survey, 2024 showing 66% of businesses paying bribes, Budget 2025 unveiled Jan Vishwas 2.0, designed to alleviate regulatory compliance challenges."

What is Jan Vishwas 2.0?

- **Aim** – To further decriminalize around 100 provisions in various laws to enhance the *ease of doing business* in India.
- It builds upon the *Jan Vishwas (Amendment of Provisions) Act, 2023*, which had already decriminalized **180 provisions** across **42 laws**.

India Business Corruption Survey, 2024
• The India Business Corruption Survey 2024 is a comprehensive study assessing the prevalence and impact of corruption on businesses across India. • Conducted by the online platform LocalCircles. • The survey provides critical insights into bribery, red-tapism and compliance challenges faced by businesses. • **Key Findings of the Survey:** - *66% of businesses admitted to paying bribes*, highlighting the systemic nature of corruption. - *54% stated they were coerced into bribery* to expedite government approvals, secure permits, or meet compliance requirements. - The worst-affected sectors include labour, GST, income tax, pollution control, provident funds, property registration, drug, and health departments. - A majority of respondents view corruption as a major deterrent to foreign direct investment (FDI).

What is the need for the bill?

- **Decriminalize more provisions** – While Jan Vishwas Act 2023 decriminalized 180 provisions with imprisonment clauses, Jan Vishwas 2.0 aims to decriminalize approximately 100 more provisions.
- However, over 20,000 provisions with imprisonment clauses still remain untouched.
- **Trust-Based Governance** – The initiative reflects a move towards "trust-based governance," where the emphasis is on *fostering a system of compliance through trust rather than fear of punishment*.
- It is designed to reduce the regulatory burden on businesses.
- **Reduce corruption and bribery** – The document cites that 66% of businesses admit to paying bribes, with 54% being coerced to do so to navigate government processes.
- The bill aims *to reduce opportunities for corrupt practices*.
- **Simplify regulatory compliance** – Indian businesses face *extremely complex*

compliance challenges with 9,420 compliance updates in the past year alone (about 36 daily changes).
- This creates inefficiency and opportunities for corruption.
- **To increase foreign investment** – The document mentions that 4 out of 5 respondents in an EY-FICCI survey believe corruption deters foreign direct investment (FDI).
- Improving compliance frameworks would make India more attractive for global investors.
- **Maintain economic competitiveness** – The document warns that India risks losing investment and talent to countries with more business-friendly environments, like the United States, which is advancing its own governance reforms.

What are the Key Features of Jan Vishwas 2.0?

- **Sectors covered** – Taxation laws (GST, Income Tax), Labour laws, Company and corporate laws, Environmental compliance laws, Intellectual Property laws (Copyright, Trademark, Patents and Geographical Indications).
- **High-Level Committee for Regulatory Reforms** – A dedicated High-Level Committee will be set up to *review non-financial sector regulations*.
- The committee's key responsibilities include:
  - Identify laws that create compliance burdens.
  - Recommend further decriminalization.
  - Suggest measures to enhance ease of doing business.
  - Compliance Simplification & Predictability
- The government recognizes that *frequent compliance updates* create confusion and foster corruption.
- Inspired by ***FSSAI's new regulation*** (which allows only one update per year for food label changes), a predictable regulatory framework will be introduced for other business sectors.
- **One Nation, One Business Identity** – Jan Vishwas 2.0 proposes a 'One Nation, One Business' Identity System, which will:
  - Unify all business IDs into a *single digital identifier*.
  - Reduce paperwork, duplications, and bureaucratic delays.
  - *Improve regulatory transparency* and reduce corruption.
- As India has 23 different business identifiers, it can help to navigate them.
- The *23 different business identifiers* include:
  - Permanent Account Number (PAN)
  - Goods and Services Tax Identification Number (GSTIN)
  - Corporate Identification Number (CIN)
  - Professional tax numbers, Factory licenses, etc.
- **Digital-First Approach to Compliance** – Establishing a factory in India requires submitting hundreds of self-attested and notarised documents across more than 40 government departments.
- *This process needs to be transformed* as this this archaic system breeds corruption and inefficiency.
- Proposal to introduce *'Digi Locker' for Businesses*, a tamper-proof, authenticated repository that could result in:

- All compliance-related documents to be *stored digitally*.
- Government agencies to verify records instantly without requiring notarized hard copies.
- Entrepreneurs have no longer need to submit hundreds of self-attested documents.
- Approval timelines for business licenses, factory setups, and permits could be *cut from months to days.*

What are its impacts?

- Boost India's Ease of Doing Business Ranking.
- Reduce Corruption & Bureaucratic Delays.
- Encourage Domestic & Foreign Investments.
- Empowering Indian entrepreneurs to "innovate, expand, and create jobs without fear or unnecessary regulatory friction."
- Helps India remain competitive in the global race for investment and entrepreneurial talent.

What are its Challenges & Concerns?

- **Limited scope** – While Jan Vishwas 2.0 aims to decriminalize around 100 provisions, the document points out that over 20,000 provisions with imprisonment clauses would still remain untouched.
- This suggests the bill may be insufficient in scale.
- **Slow implementation** – The government initiated compliance reforms two years ago, but progress has been "sluggish."
- This raises concerns about timely implementation of Jan Vishwas 2.0.
- **Systemic corruption** – Deep-rooted corruption issues that may not be fully addressed by decriminalization alone.
- Officials "often wield compliance provisions as tools to extract bribes" and "unofficial payments are still required" even when compliances are met.
- **Regulatory chaos** – With 9,420 compliance updates in the past year (36 daily changes), there's concern that decriminalizing some provisions won't solve the fundamental issue of excessive and frequently changing regulations.
- **Competing reforms globally** – Other countries like the US are making their business environments more efficient, creating pressure for India's reforms to be sufficiently bold and comprehensive to remain competitive.
- **State-level implementation challenges** – Labour codes remain in limbo awaiting implementation, suggesting potential challenges in execution across Union and state levels.
- **Clarity and Transparency** – Ambiguity in certain provisions could lead to arbitrary interpretations by officials, potentially recreating the problems the bill aims to solve.
- **Impact on Worker Rights** – Concerns exist that decriminalizing labor law violations could weaken worker protections, potentially leading to exploitation.
- Careful consideration is needed to ensure that worker rights are not compromised.
- **Less Focus on the informal Sector** – The bill primarily targets the formal sector, leaving the vast informal sector largely untouched.

- This raises concerns about equitable treatment and the potential for increased disparities.

Way Forward

- The India Business Corruption Survey 2024 shows that bribery is a big problem.
- Jan Vishwas 2.0 aims to fix this by simplifying laws and reducing red tape.
- However, more steps are needed for real change that include:
    - It can implement a comprehensive decriminalization of the more than 20,000 remaining imprisonment clauses beyond Jan Vishwas 2.0.
    - It can create a unified "One Nation, One Business" identity system to replace the current 23+ separate identifiers.
    - Adopting a digital-first approach with a secure "digi locker" system for document verification.
    - It can establish predictable regulatory changes by limiting updates to once per year across all bodies.
    - It can operationalize the four modern labor codes that remain in limbo.
    - It can reduce subjective power of inspectors who currently operate without accountability.
    - Allocating the budget for digital integration of business compliance systems.

Reference

1. The Hindu | Jan VISHWAS Bill 2.0

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