

For each one, lose one

The prime minister in his [independence day speech](#) spoke of 'Amrit Kaal' where the goal is to build an India in which the government does not interfere unnecessarily in the lives of its citizens.



Growing up in Delhi, when at the AIIMS crossing, my attention was inevitably drawn towards the population clock that actively updated India's approximate population numbers. What if we had an equivalent for regulations? India's employer compliance universe collectively deals with of 1,536 Acts, 69,233 compliances and 6,618 filings wrote [Manish Sabharwal last June](#). This was then. "The regulator issued 14 circulars in June. It's three a week," exclaimed a friend who works at a bank. This is just one institution. If we had an equivalent regulatory clock that captures all laws, formal - and even informal orders, rules, guidelines, and circulars, issued by any levels of government, or statutory bodies to which these powers are delegated, imagine how rapidly the count on this dashboard will change.

Given their mandate it is hard to argue that regulators should not regulate. After all, regulations together with taxation, and spending are the three key elements of formal state power.

There are [issues with the regulatory](#) ecosystem that need urgent attending. There is also much to quibble about the regulations themselves. For one, poor drafting of regulations leaves plenty of room for interpretation and discretionary powers. Unfortunately, this usually means a call to a lawyer, who translates this into everyday language. This discussion is also needed because of sloppy drafting, or use of terms that may not necessarily be defined or where some terms might mean different things in different places, or the new regulation might contradict earlier ones. While the larger companies can afford to get right advice, the smaller companies struggle to do so. leading to non-compliance. This holds equally for those headquartered outside the large six or seven cities. Such non-adherence breaks the trust regulators have in the entities that they supervise, and the '*jugaad*' that entities do to either comply or escape being penalized, in the process losing respect for the authorities and the system.

Two, these are seldom based on (big) data. Many rules are a consequence of episodes that have embarrassed the regulator, and to this extent regulators are seen as pushing down their responsibilities to ease their job. Three, these often have unintended consequences - a consequence of a perfunctory consultation process. When these anomalies surface, rules are rarely rolled back. Four, such announcement at times tread on another agency's jurisdiction, pulling the company in two directions. Finally, once a decision is taken, rarely is sufficient time given to ensure a smooth roll-out. Behind-the-scenes lobbying to force a roll-back cannot be an excuse.

To have sensible regulations, the agency must put itself in the regulated entities shoes. To do so, it must first recognize that each new regulation, circular or guideline sets off a flurry of activities by those towards whom these are directed. I focus below on just two.

For one, these invariably result in a change in processes, though at an extreme, they upend entire business models. Changing standard operating procedures is not always easy. Today, it means calling in the IT team to rewrite swathes of code. This poses its own challenges, in as much as changing or inserting a line at one-end might cause some other part to stop doing what it is meant too. This might not immediately surface but show-up sometime down the line. It is a real risk.

For many, and certainly for those operating in financial sector this often means re-writing documents and manuals and re-training staff. Regulations might require the bank to capture more information about its customers. If it for new customers, it is easy to handle, but asking this of existing customers as well (- retrospective documentation), is back-breaking for the organization to say nothing of the inconvenience it causes to the customer.

So how do we put *Amrit Kaal* within reach?

Each agency should have a regulations dashboard on its home page, displaying the number of laws, orders, rules, guidelines, and circulars that have been issued and list the data that needs to be filed with it, including filing periodicity. If we need to ease doing business and minimize the role of government, success should be measured not in not allowing this number to go up, but in ensuring it comes down. better still in reducing this number. This is a tangible measure – if not gamed by combing regulations. A practical starting point is removing one regulation for each new one introduced. Each ministry, department or agency should have a senior officer tasked with such scrubbing.

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