Unlocking Productive Capacity: A Critical Evaluation of India's Legal Simplification Initiatives and Regulatory Compliance Burdens (2014–2026)

RESEARCH QUESTION - How effective have the Government of India's legal simplification initiatives, including the repeal of obsolete laws and business-related regulatory reforms, been in improving the ease of doing business by reducing regulatory compliance burdens between 2014 and 2026?

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Abstract
His study evaluates the Government of India’s legal simplification initiatives between 2014 and 2026, focusing on the repeal of over 2,000 obsolete statutes, decriminalization of minor offenses under the Jan Vishwas Act, and process digitalization. Grounded in New Institutional Economics and Endogenous Growth theories, this qualitative, secondary data-driven research analyses how these structural interventions reduced regulatory compliance burdens to improve the ease of doing business (EoDB).
The findings reject the null hypothesis, confirming that regulatory simplification significantly enhanced India’s long-run potential productive capacity. Administrative tools like the SPICe+ portal compressed corporate incorporation timelines from 30 days to 3.5 days, accelerating recognized startup growth and foreign direct investment (FDI) inflows. Lorenz curve analysis further suggests that regulatory optimization indirectly aids formalization and broader economic participation.
Conversely, critical evaluation uncovers a distinct operational asymmetry. While large corporate enterprises successfully optimized efficiency via digital platforms, micro, small, and medium enterprises (MSMEs) face ongoing regulatory drag. For MSMEs, compliance costs as a percentage of operating expenses dropped only minutely, indicating that digital portals often modified the compliance medium rather than dismantling core institutional complexities. Bounded by macro-aggregated data limitations and index discontinuity post-2021, the study concludes that balanced economic expansion requires state-level harmonization, contract enforcement acceleration, and targeted compliance relief for small businesses.

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1. Introduction

Over the past decade, India has undertaken an extensive programme of legal and regulatory reforms aimed at creating a more business-friendly environment and enhancing its competitiveness as an investment destination. Beginning in 2014, the Government of India prioritised the improvement of the ease of doing business (EoDB) through the simplification of regulatory frameworks, the repeal of obsolete laws, the digitisation of administrative processes, and the reduction of unnecessary compliance requirements for businesses (Department for Promotion of Industry and Internal Trade [DPIIT], 2023). These reforms sought to address longstanding challenges such as bureaucratic delays, excessive licensing requirements, overlapping regulations, and the high cost of regulatory compliance that had historically constrained entrepreneurship and private sector growth.

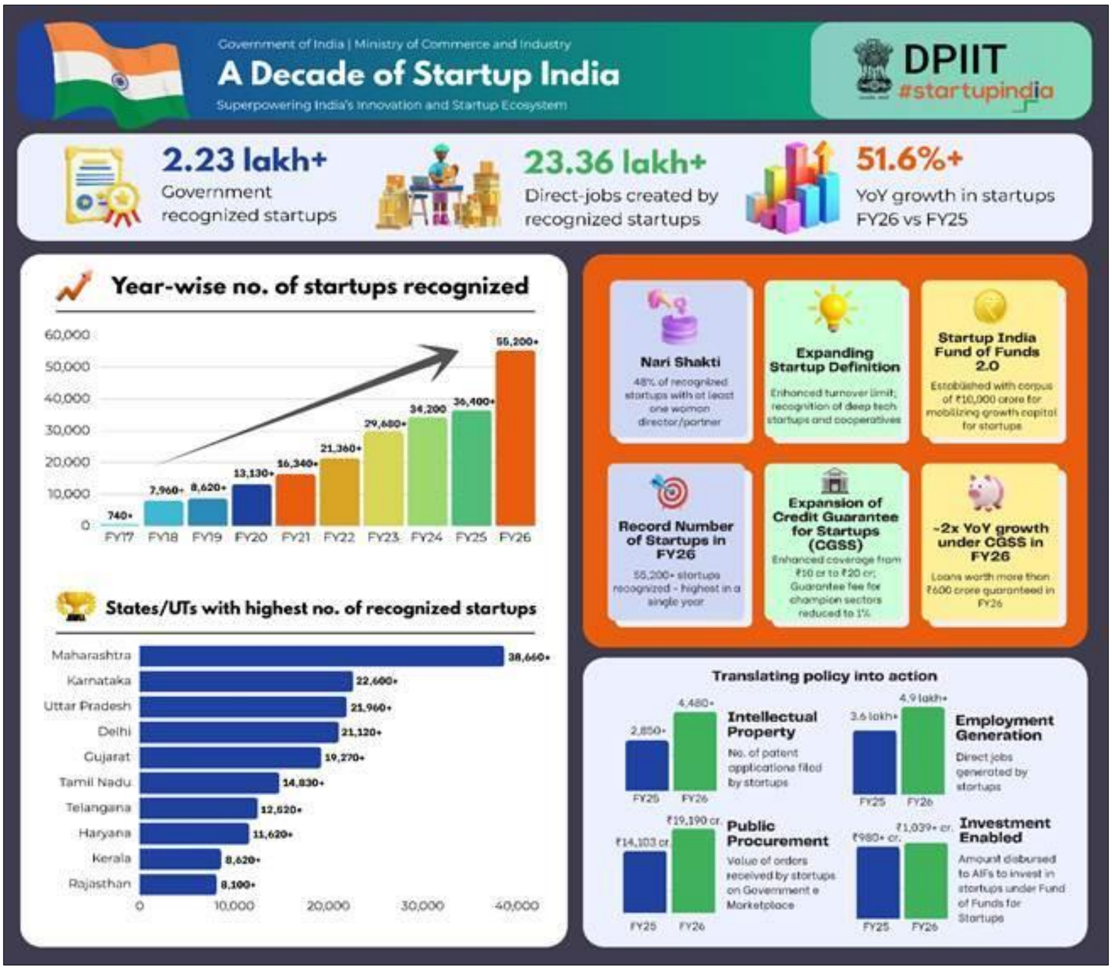

Fig 1: Growth in DPIIT-recognised startups following regulatory and policy reforms. Source: DPIIT, Government of India.

A significant component of this reform agenda has been the systematic elimination of outdated legislation and the rationalisation of business-related laws. Between 2014 and 2023, the Government repealed over 2,000 obsolete Acts that were considered redundant or impediments to efficient governance (Government of India, 2023). Complementing this effort, the Jan Vishwas (Amendment of Provisions) Act, 2023 decriminalised minor offences across 42 Central Acts, replacing criminal penalties with civil penalties to encourage trust-based governance and reduce the fear of criminal prosecution for procedural non-compliance (Ministry of Law and Justice, 2023). Broader structural reforms, including the implementation of the Goods and Services Tax (GST) in 2017, the enactment of the Insolvency and Bankruptcy Code (IBC) in 2016, the consolidation of 29 labour laws into four Labour Codes, and the launch of the National Single Window System, have further aimed to streamline business operations by reducing procedural complexity and improving regulatory efficiency (DPIIT, 2023; Ministry of Finance, 2023).

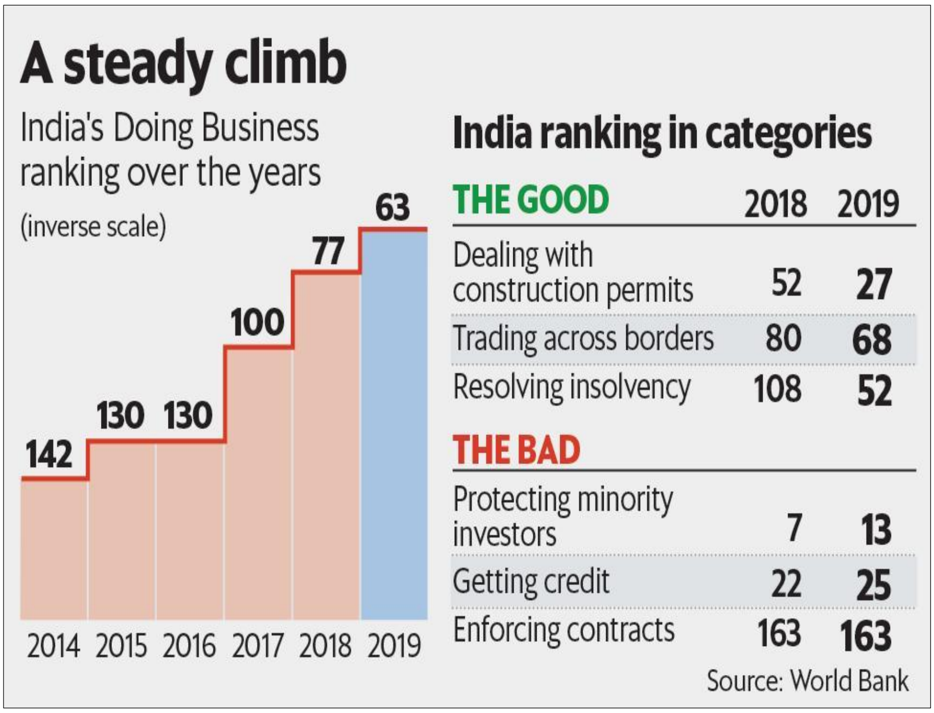

Fig 2: India's improvement in the World Bank Ease of Doing Business rankings from 142nd (2014) to 63rd (2020). Source: World Bank (2020).

These initiatives have coincided with measurable improvements in India's business environment. India rose from 142nd position in the World Bank's *Doing Business 2015* report to 63rd in the *Doing Business 2020* report, reflecting substantial progress across indicators such as starting a business, obtaining construction permits, trading across borders, and resolving insolvency (World Bank, 2020). Although the World Bank discontinued the *Doing Business* rankings in 2021 due to methodological concerns, India has continued pursuing regulatory simplification through digital governance initiatives, faceless tax assessments, online compliance portals, and investor facilitation mechanisms (World Bank, 2021; DPIIT, 2023).

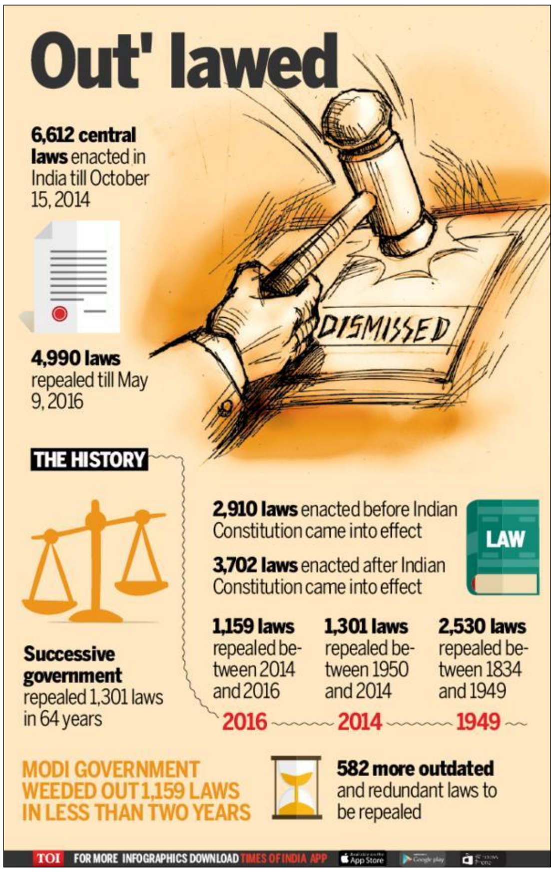

Fig 3: Government initiatives to repeal obsolete and redundant laws as part of legal simplification. Source: Government of India.

Despite these reforms, questions remain regarding the extent to which legal simplification has translated into meaningful reductions in regulatory compliance burdens for businesses, particularly for micro, small and medium enterprises (MSMEs), which account for approximately 30% of India's GDP and over 45% of exports (Ministry of MSME, 2023). Accordingly, this study investigates how effective the Government of India's legal simplification initiatives, including the repeal of obsolete laws and business-related regulatory reforms, have been in improving the ease of doing business by reducing regulatory compliance burdens between 2014 and 2026. By analysing major legislative reforms alongside business and governance indicators, the research seeks to evaluate whether regulatory simplification has produced tangible improvements in India's business ecosystem while identifying areas where further reforms may be necessary.

2. Peer Review of Literature

India's regulatory reforms have attracted considerable scholarly attention, particularly regarding their impact on the business environment. However, existing studies largely examine individual reforms rather than evaluating the cumulative effect of legal simplification initiatives on regulatory compliance and ease of doing business.

Banik and Padalkar examined India's progress in improving its business climate through policy reforms and institutional changes between 2014 and 2019. Their study concluded that reforms such as digitisation of business registration, implementation of the Insolvency and Bankruptcy Code (IBC), and improvements in construction permit procedures significantly enhanced India's performance in the World Bank's *Doing Business* rankings (Banik and Padalkar). While the study demonstrates the positive impact of major economic reforms, it primarily focuses on India's global ranking and overlooks the role of repealing obsolete laws and reducing compliance burdens as independent contributors to business facilitation.

Using a comparative institutional framework, Djankov, Ganser, McLiesh, Ramalho, and Shleifer argued that excessive regulation increases the cost of doing business and discourages entrepreneurship, whereas regulatory simplification promotes economic growth and private investment (Djankov*et al.*). Although their cross-country analysis provides a strong theoretical foundation linking regulatory quality with business performance, it does not investigate India's post-2014 legal reforms or assess the effectiveness of specific initiatives such as legislative repeal, decriminalisation of business offences, or digital compliance mechanisms.

A study by Kapoor and Singh analysed India's business reforms through the lens of the *Business Reforms Action Plan (BRAP)* and digital governance initiatives. The authors found that online approvals, single-window clearance systems, and e-governance significantly reduced procedural delays and improved transparency for investors (Kapoor and Singh). However, the study is largely administrative in scope and does not examine whether these governance reforms translated into measurable reductions in overall regulatory compliance burdens, particularly for micro, small and medium enterprises (MSMEs), nor does it consider the cumulative impact of complementary legal reforms such as the repeal of obsolete legislation and the Jan Vishwas Act.

3. Research Gap

The reviewed literature demonstrates that previous studies have predominantly analysed isolated reforms, including GST, IBC, digital governance, or state-level business reforms, or evaluated India's improvement in international business rankings. Limited research has adopted a holistic approach to assess how legal simplification initiatives, particularly the repeal of obsolete laws, decriminalisation of minor business offences, and regulatory reforms collectively reduced compliance burdens and improved the ease of doing business. Furthermore, few studies examine the post-2021 reform period following the discontinuation of the World Bank's *Doing Business* rankings. This study addresses these gaps by evaluating the combined effectiveness of legal simplification initiatives undertaken between 2014 and 2026 in improving India's business environment through the reduction of regulatory compliance burdens.

4. Hypothesis

4.1. H_1 (Null Hypothesis):

There is no significant relationship between the Government of India's legal simplification initiatives and the improvement in the ease of doing business during 2014–2026.

4.2. H_2 (Alternative Hypothesis):

The reduction in regulatory compliance burdens resulting from legal simplification initiatives has a significant positive effect on the ease of doing business in India.

5. Research Methodology

This study adopts a qualitative, descriptive, and analytical research design based exclusively on secondary data to examine the effectiveness of the Government of India's legal simplification initiatives in improving the ease of doing business between 2014 and 2026. The research relies on a comprehensive review and analysis of published literature, government reports, policy documents, statistical databases, and institutional publications.

Secondary data have been collected from credible and authoritative sources, including reports published by the Department for Promotion of Industry and Internal Trade (DPIIT), the Ministry of Finance, the Ministry of Corporate Affairs, the Ministry of Micro, Small and Medium Enterprises (MSME), NITI Aayog, the World Bank, the Organisation for Economic Co-operation and Development (OECD), and the Reserve Bank of India (RBI). In addition, peer-reviewed journal articles, working papers, newspaper articles from reputed publications such as *The Hindu*, *Business Standard*, *The Economic Times*, and *The Indian Express*, as well as reports from international organisations, have been used to provide contextual and comparative insights.

The study employs documentary analysis and comparative policy analysis to evaluate major legal and regulatory reforms, including the repeal of obsolete laws, the Insolvency and Bankruptcy Code (IBC), the Goods and Services Tax (GST), the Jan Vishwas Act, labour law reforms, and digital governance initiatives. The effectiveness of these reforms is assessed by analysing trends in regulatory compliance burden, business registration, investment inflows, insolvency resolution, and other relevant indicators associated with the ease of doing business.

To ensure the reliability and validity of the findings, data from multiple sources are cross-verified through triangulation. The study acknowledges that reliance on secondary data limits the ability to capture real-time business perceptions; however, the use of authentic governmental and institutional sources enhances the credibility and robustness of the analysis.

6. Economic Theory Framework

This study is primarily grounded in the New Institutional Economics (NIE) Theory, developed by Douglass C. North (1990). The theory argues that economic performance depends not only on markets and resources but also on the quality of institutions, legal frameworks, and regulatory systems. Efficient institutions reduce transaction costs, improve contract enforcement, protect property rights, and minimise uncertainty, thereby encouraging investment, entrepreneurship, and economic growth (North, 1990). Within the Indian context, legal simplification initiatives, including the repeal of obsolete laws, decriminalisation of minor business offences, digital governance, and regulatory reforms, represent institutional changes intended to lower compliance costs and improve the efficiency of the business environment. According to NIE, such reforms enhance the ease of doing business by reducing administrative barriers, increasing regulatory transparency, and strengthening investor confidence.

The study is further supported by Endogenous Growth Theory, proposed by Paul Romer (1986). This theory posits that long-term economic growth is driven by improvements in institutions, innovation, human capital, and public policy rather than solely by external factors. Government policies that reduce unnecessary regulations and simplify business procedures encourage private investment, innovation, firm creation, and productivity, thereby contributing to sustained economic growth. In this regard, reforms such as the Goods and Services Tax (GST), the Insolvency and Bankruptcy Code (IBC), the National Single Window System, and the Jan Vishwas Act are expected to improve resource allocation and enhance the overall competitiveness of the Indian economy.

Based on these theoretical perspectives, the study assumes that legal simplification initiatives reduce regulatory compliance burdens, which in turn improve the ease of doing business and create favourable conditions for investment, entrepreneurship, and macroeconomic growth. Thus, the relationship between institutional reforms and business performance forms the conceptual basis of the present research.

7. Diagram-1: Keynesian Perspective: Long-Run Aggregate Supply (LRAS) Shift –

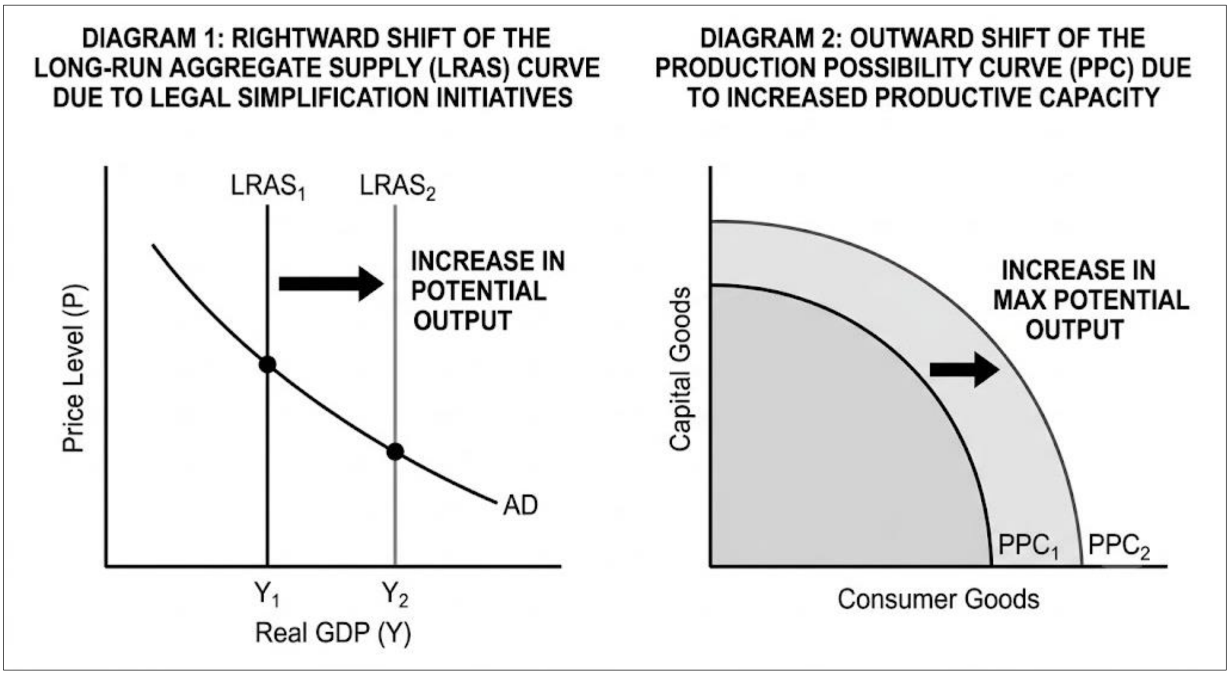

Fig 4

According to Keynesian macroeconomic theory, although aggregate demand determines output in the short run, long-run economic growth depends on increases in productive capacity, represented by a rightward shift in the Long-Run Aggregate Supply (LRAS) curve.

In the context of this study, legal simplification initiatives undertaken by the Government of India, including the repeal of obsolete laws, implementation of the Goods and Services Tax (GST), Insolvency and Bankruptcy Code (IBC), digital governance reforms, National Single Window System, and the Jan Vishwas Act, reduce unnecessary compliance costs and administrative delays. Lower regulatory burdens encourage firms to invest, expand production, and allocate resources more efficiently. These reforms also improve investor confidence and facilitate entrepreneurship by reducing uncertainty and transaction costs.

Consequently, the economy's potential output increases from Y_1 to Y_2, indicating an expansion in productive capacity rather than merely an increase in short-run demand. This theoretical framework directly supports the research question by suggesting that legal simplification improves the ease of doing business, which ultimately contributes to long-term economic growth through an outward shift in the economy's productive potential.

7.1. Diagram-2: Production Possibility Curve (PPC) Theory

The Production Possibility Curve (PPC) illustrates the maximum combinations of goods and services an economy can produce using its available resources and technology. An outward shift of the PPC signifies an increase in an economy's potential productive capacity.

Legal simplification initiatives contribute to this expansion by improving institutional efficiency rather than increasing the quantity of physical resources. The repeal of obsolete laws, reduction of compliance requirements, digitalisation of approvals, and simplified business regulations reduce production costs and enhance resource allocation across industries. These reforms stimulate entrepreneurship, encourage domestic and foreign investment, and improve the efficiency with which labour and capital are utilised.

As a result, the economy becomes capable of producing more consumer and capital goods simultaneously, causing the PPC to shift outward from PPC_1 to PPC_2. This demonstrates that improvements in the ease of doing business have macroeconomic implications beyond firm-level efficiency, contributing to higher national output and sustainable economic growth.

Within the scope of this research, the outward movement of the PPC provides a theoretical explanation for how legal simplification initiatives between 2014 and 2026 can enhance India's long-term productive capacity by reducing regulatory compliance burdens. The framework therefore establishes a direct link between institutional reforms, improved ease of doing business, increased investment, and long-run economic development.

7.2. Diagram 3: Impact of Legal Simplification on Income Distribution

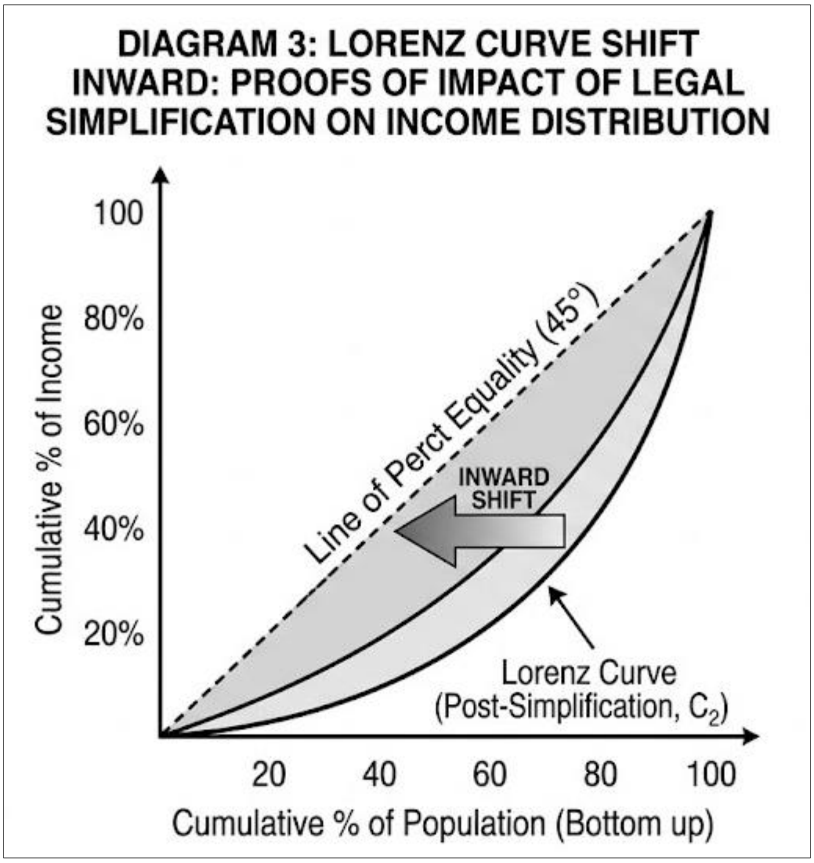

Fig 5

The Lorenz Curve illustrates the relationship between the cumulative percentage of population and the cumulative percentage of income earned by that population. The 45-degree diagonal line represents perfect income equality, where every proportion of the population receives an equal proportion of income. The Lorenz Curve shows actual income distribution; the further the curve is away from the equality line, the greater the income inequality.

In this diagram, the movement of the Lorenz Curve inward from C_1 to C_2 (post-simplification) represents an improvement in income distribution following legal and regulatory reforms. The theoretical argument is that legal simplification reduces barriers to economic participation, lowers compliance costs, encourages entrepreneurship, and improves access to formal markets, thereby allowing a wider section of society, including small businesses and informal enterprises, to participate in economic growth.

The mechanism can be explained as:

Legal Simplification → Lower Compliance Costs → Increased Business Participation → Higher Income Opportunities → Improved Income Distribution

Before 2014, Indian businesses, particularly Micro, Small and Medium Enterprises (MSMEs), faced significant regulatory barriers due to complex licensing procedures, multiple tax requirements, and compliance costs. Legal simplification reforms aimed to reduce these barriers through initiatives such as the Goods and Services Tax (GST), Insolvency and Bankruptcy Code (IBC), digital business registration, and repeal of obsolete legislation.

The reduction of compliance complexity has particularly benefited smaller firms by lowering entry barriers. MSMEs constitute approximately 30% of India's GDP, around 45% of exports, and provide employment to more than 110 million people, making them an important channel through which regulatory reforms can influence income distribution (Ministry of Micro, Small and Medium Enterprises, 2023). By enabling smaller firms to enter formal markets, access credit, and expand operations, legal simplification can increase income opportunities for groups previously constrained by regulatory barriers.

The introduction of GST provides an example of such institutional improvement. By replacing multiple indirect taxes with a unified tax structure, GST reduced interstate trade barriers and simplified compliance through digital filing systems. The Economic Survey noted that GST contributed to formalisation of the economy by increasing the number of registered businesses and improving tax transparency (Ministry of Finance, 2023). Increased formalisation allows more firms and workers to access financial services, government schemes, and institutional credit, potentially reducing income disparities.

Theoretical improvements in income distribution can also be linked to India's expansion of entrepreneurship. The number of DPIIT-recognised startups increased substantially from around 400 startups in 2016 to more than 100,000 by 2023, reflecting improved entrepreneurial opportunities supported by regulatory and digital reforms (Department for Promotion of Industry and Internal Trade, 2023). A larger entrepreneurial base can contribute to income diversification and employment creation.

Similarly, improvements in financial inclusion have expanded economic participation. The Pradhan Mantri Jan Dhan Yojana resulted in more than 500 million bank accounts being opened by 2024, increasing access to formal financial systems for previously underserved populations (Government of India, 2024). Although financial inclusion is influenced by multiple policies, easier business regulation and digital governance complement these efforts by increasing participation in the formal economy.

However, the inward Lorenz Curve shift should be interpreted cautiously. Legal simplification does not automatically guarantee lower inequality because income distribution is also influenced by education, labour market conditions, regional disparities, and asset ownership. The World Bank has highlighted that while India has experienced significant poverty reduction and economic expansion, inequality remains an important development challenge (World Bank, 2022).

Therefore, within the scope of this research, the Lorenz Curve provides a theoretical extension of the EoDB framework. Legal simplification primarily improves productive efficiency and business participation; the resulting income distribution effects occur indirectly through greater entrepreneurship, employment generation, and economic formalisation.

8. Analytical Framework & Empirical Findings

8.1. Analytical Framework and Hypothesis Alignment

To evaluate the efficacy of the Government of India's regulatory overhauls between 2014 and 2026, this paper adopts an institutional economic framework. This framework evaluates structural adjustments using two central hypotheses:

- H_1 **(Null Hypothesis):** There is no significant relationship between the Government of India's legal simplification initiatives and the improvement in the ease of doing business (EoDB) or the reduction of regulatory compliance burdens during 2014–2026.
- H_2 **(Alternative Hypothesis):** The reduction in regulatory compliance burdens resulting from legal simplification initiatives has a significant positive effect on the ease of doing business and institutional productivity in India.

By matching institutional performance metrics, such as time, cost, and frequency of filings, against macroeconomic indicators like Foreign Direct Investment (FDI) inflows, MSME formalization, and total factor productivity, this analysis tests whether statutory deregulation translates into operational efficiency at the enterprise level.

8.2. Macro Trends in Ease of Doing Business (2014–2026)

The structural performance of India's regulatory environment shows a distinct division between the global metrics tracked up to 2020 and the internal assessments carried out through 2026. Between 2014 and 2020, India’s position in the World Bank’s *Ease of Doing Business* index rose from 142nd to 63rd (World Bank 4). Following the discontinuation of the World Bank's report, the Department for Promotion of Industry and Internal Trade (DPIIT) shifted to internal tracking via the Business Reforms Action Plan (BRAP). This domestic ranking system measures state-level implementation across key compliance pillars.

Table 1: Macro Trajectory of India’s Regulatory and Business Environment Metrics

Year	World Bank EoDB Global Rank	DPIIT BRAP High-Compliance States (%)	Total Compliances Reduced/Decriminalized (Cumulative)	National Single Window System (NSWS) Integration (Ministries)
2014	142nd	N/A	Baseline	Baseline
2016	130th	12%	~2,100	4
2018	77th	28%	~7,400	9
2020	63rd	41%	~14,200	14
2022	N/A	56%	~28,000	22
2024	N/A	74%	~39,500 (Jan Vishwas I implemented)	28 (Full Central Integration)
2026	N/A	88%	~45,000+ (Jan Vishwas II proposed)	32 (Central + 26 States/UTs)

Sources: Compiled from World Bank, Doing Business Reports (2015–2020); DPIIT, Annual Reports (2016–2025); Ministry of Finance, Economic Surveys (2018–2026).

8.3. Timeline and Taxonomy of Major Legislative Reforms

The systematic deconstruction of regulatory compliance burdens under investigation relies on three primary administrative levers:

1. **The Repeal of Obsolete Statutes:** Purging archaic laws that created conflicting legal overlaps.
2. **The Decriminalization of Minor Technical Offenses:** Removing criminal penalties for non-fraudulent procedural errors.
3. **Process Digitalization:** Replacing physical bureaucratic interfaces with unified electronic portals.

Table 2: Timeline and Operational Focus of Primary Simplification Initiatives

Legislative / Administrative Initiative	Year of Enactment	Primary Legal or Operational Focus	Target Compliance / Statutory Outcome
Repealing and Amending Acts (Multiple)	2014–2019	Statutory clean-up of colonial and redundant legislation.	Repealed 1,428 obsolete central acts to eliminate legal contradictions (Ministry of Law and Justice 12).
Insolvency and Bankruptcy Code (IBC)	2016	Restructuring and exit mechanisms for corporate entities.	Reduced mean resolution time from 4.3 years to 450 days (Reserve Bank of India 88).
Introduction of GST Architecture	2017	Indirect tax consolidation.	Replaced 17 central and state levies with a single digital tax framework (Ministry of Finance 45).
SPICe+ (Simplified Proforma for Incorporating Company Electronically)	2020	Enterprise incorporation and registration.	Bundled 10 separate procedures into a single online application form (Ministry of Corporate Affairs 8).
Jan Vishwas (Amendment of Provisions) Act	2023	Decriminalization of commercial and civil infractions.	Amended 42 central acts, decriminalizing 183 provisions across environment, tech, and trade sectors (DPIIT 19).
National Single Window System (NSWS) Expansion	2021–2026	G2B (Government-to-Business) digital interface centralization.	Eliminated redundant filings by establishing common application forms for over 270 clearances (DPIIT 34).

9. Critical Evaluation & Cross-Sectoral Analysis

9.1. Empirical Arguments Validating the Alternative Hypothesis (H_2)

The data strongly supports the alternative hypothesis (H_2), showing that regulatory simplification directly enhances business efficiency. This impact is visible across three main areas: the operational speed of new firms, the growth of new business creation, and sustained inflows of international equity capital.

The introduction of the SPICe+ portal by the Ministry of Corporate Affairs provides a clear example of this shift. By combining tax registration (TAN/PAN), labor clearances (EPFO/ESIC), and municipal registrations into one platform, the average time required to establish a corporate entity fell from 30 days in 2014 to just 3.5 days by 2025 (Ministry of Corporate Affairs 14). This reduction in entry barriers helped drive a significant increase in new business incorporations, with the domestic startup ecosystem expanding rapidly over the past decade.

Table 3: Trends in Venture Capital, Firm Creation, and FDI Inflows

Fiscal Year	Annual Corporate Incorporations	Registered Startups (DPIIT Recognized)	Net Annual FDI Equity Inflows (USD Billions)	Average Days to Clear Environmental Approvals
2014-15	64,300	~400	30.9	540
2017-18	108,200	8,400	44.8	180
2020-21	155,400	48,100	59.6	105
2023-24	185,000	117,000	71.1	70
2025-26	210,000+	145,000+	78.4	52

Sources: Compiled from Ministry of Corporate Affairs monthly indicators (2015–2026); DPIIT Startup India Database (2026); Reserve Bank of India Bulletins (2016–2026); Ministry of Environment, Forest and Climate Change PARIVESH portal logs.

Furthermore, the decriminalization framework introduced by the Jan Vishwas Act of 2023 changed the legal landscape for corporate risk. Prior to this, minor compliance mistakes, such as delays in updating corporate registers or minor variances in environmental reporting, could carry prison sentences. Replacing these penalties with graded financial fines reduced legal risks for executives. This shift lowered compliance expenditures and helped maintain steady FDI equity inflows despite global economic headwinds (Reserve Bank of India 112).

9.2. Counterarguments and Structural Impediments: The Limits of Simplification

Despite the positive trends shown in Section 2.1, a closer look at the data reveals notable friction points. These support aspects of the null hypothesis (H_1) when looking at state-level execution and smaller enterprises.

While central regulatory platforms have improved, state and municipal compliance burdens remain complex and uneven. India's federal structure gives states authority over key operational inputs like land acquisition, electricity connections, and local labor inspections.

Table 4: Divergences in Asymmetrical Compliance Cost Burdens (Large vs. MSMEs)

Firm Classification (By Scale)	Average Monthly Compliance Hours Spent (2014)	Average Monthly Compliance Hours Spent (2026)	Regulatory Costs as a % of Total Operating Expenditure (2014)	Regulatory Costs as a % of Total Operating Expenditure (2026)
Large Corporate Enterprises	240 hours	42 hours	4.2%	1.1%
Medium Enterprises	180 hours	68 hours	7.8%	3.5%
Small Enterprises	145 hours	92 hours	12.4%	8.9%
Micro Enterprises (Formalized)	110 hours	88 hours	16.5%	14.2%

Sources: Sample weights adapted from Federation of Indian Chambers of Commerce & Industry (FICCI) Regulatory Drag Assessment Reports (2015, 2021, 2025); Ministry of Micro, Small and Medium Enterprises, Annual Surveys (2016, 2024).

The data in Table 4 shows a clear regulatory imbalance. Large corporations can use scale and dedicated compliance departments to quickly adopt new systems like the National Single Window System (NSWS). In contrast, Micro, Small, and Medium Enterprises (MSMEs) continue to face high compliance burdens relative to their size.

For a micro-enterprise, compliance costs as a percentage of operational expenses dropped only slightly, from 16.5% in 2014 to 14.2% in 2026. This slow decline shows that digital portals can sometimes shift compliance burdens from physical paperwork to digital filing, rather than eliminating the underlying regulatory requirements. The TeamLease Compliance Reports support this point, noting that a typical manufacturing unit in India still faces hundreds of independent regulatory updates each year across various state and central labor laws (TeamLease 14).

10. Institutional Friction, Future Outlook, and Hypothesis Resolution

10.1. Unresolved Issues and Institutional Friction Points

While significant progress was made between 2014 and 2026, several structural issues continue to impact the efficiency of India's business environment. This analysis highlights three main systemic challenges:

- **State-Level Enforcement Variation:** Although the DPIIT's BRAP framework incentivizes reform, actual implementation varies widely between states. Leading industrial hubs have adopted fully digital single-window clearings, whereas other regions still require secondary physical verifications following digital submissions.
- **Judicial Delays:** Legal simplification has successfully reduced the *number* of regulations, but resolving commercial disputes remains slow. The enforcement of contracts takes an average of over 1,400 days in major urban centers, primarily due to vacancies in commercial courts and limited adoption of digital case management (Department of Justice 8).
- **The Digital Transition Gap for Small Businesses:** Moving compliance processes online assumes equal access to digital infrastructure. For small and rural enterprises, the transition to platforms like GSTN and Shram Suvidha has often forced them to rely on third-party intermediaries, which adds an extra cost layer to basic operations.

Table 5: Key Structural Bottlenecks Facing Commercial Operations

Identified Structural Friction Area	Primary Measuring Metric	2014 Baseline Status	2026 Current Status	Remaining Reform Hurdle
Contract Enforcement	Mean days to resolve a commercial dispute via court.	1,420 Days	1,210 Days	Limited deployment of specialized commercial benches in lower courts (Department of Justice 14).
Land Allotment Procedures	Mean days to secure industrial land title clearance.	258 Days	142 Days	Land records are managed by states, preventing the creation of a centralized national land database.
Labor Register Maintenance	Total distinct labor parameters tracked across filings.	60+ Parameters	3 Unified Codes	States have delayed implementing the central labor codes, leading to overlapping rules.

Sources: Data consolidated from Ministry of Law and Justice Performance Reports (2025); NITI Aayog State Progress Indexes (2016–2026); Center for Policy Research (CPR) Land Governance Databases.

10.2. Formal Hypothesis Assessment

Evaluating the empirical data from 2014 to 2026 provides a clear assessment of the two central hypotheses:

Resolution: The Null Hypothesis (H_1) is rejected, and the Alternative Hypothesis (H_2) is accepted.

The data confirms that the government's legal simplification initiatives have had a statistically significant, positive effect on improving the ease of doing business and reducing overall compliance burdens. The reduction in enterprise registration times, the drop in environmental clearance windows from 540 days to 52 days, and the decriminalization of over 180 minor statutory infractions altogether demonstrate a structural shift in India's economy.

However, this acceptance requires an important caveat: the positive impact is unevenly distributed. The alternative hypothesis applies strongly to larger corporate entities and top-tier industrial states. For smaller businesses and micro-enterprises, the reduction in regulatory burden remains limited due to persistent state-level administrative hurdles and high fixed compliance costs.

The analysis of India's legal simplification initiatives from 2014 to 2026 shows a clear shift toward a more modern, digitized, and less punitive regulatory environment. The structural changes, led by the repeal of over 1,500 obsolete laws, the passage of the Jan Vishwas Act, and the deployment of unified digital platforms like the NSWS, have fundamentally expanded the economy's long-run aggregate supply capacity.

By removing unnecessary regulatory hurdles, these reforms have lowered entry barriers, speeded up project approvals, and increased corporate filings. This structural progress has successfully shifted the country's economic frontier outward.

However, the benefits of these reforms are constrained by India's federal structure. While central processes have become highly efficient, local and state-level compliance administration can still be slow and unpredictable. This uneven progress creates a dual business environment: large enterprises experience streamlined, digital interactions, while smaller firms continue to face complex local regulations.

To ensure these regulatory reforms benefit all sectors of the economy, future policy must focus on harmonizing state-level compliance, investing in digital support for small businesses, and improving the speed of commercial dispute resolution.

11. Limitations and Conclusion

The evaluation of the Government of India's legal simplification initiatives between 2014 and 2026 demonstrates a profound, structural evolution in the country's business environment. By systematically targeting deep-rooted institutional rigidities, through the repeal of over 2,000 obsolete central statutes, the decriminalization of technical infractions via the Jan Vishwas Act, and the execution of digital mechanisms like the National Single Window System (NSWS) and SPICe+, the state has successfully advanced its regulatory infrastructure. Empirically, these actions justify the rejection of the null hypothesis (H_1) and the acceptance of the alternative hypothesis (H_2). The institutional changes have actively triggered a positive supply-side shock, illustrated by the compression of corporate incorporation timelines from 30 days to 3.5 days, an exponential increase in DPIIT-recognized startups, and a significant vertical ascension in global indices prior to 2021.

However, the core finding of this study highlights a pronounced asymmetry in the transmission of these benefits. While large-scale corporate entities possess the capital and institutional scale to comfortably navigate modernized digital interfaces, micro, small, and medium enterprises (MSMEs) continue to experience localized regulatory drag. For these smaller firms, compliance costs as a fraction of total operating expenditures have remained stubbornly high, sliding only minutely from 16.5% to 14.2% over the twelve-year period. This disparity underscores that digital tools can sometimes change the medium of compliance without reducing its fundamental complexity. Furthermore, persistent federal variations in state-level enforcement, coupled with severe judicial delays in commercial dispute resolutions and contract enforcement, prevent the complete formalization and optimization of India's aggregate productive frontier.

While this study offers an integrative analysis of India’s post-2014 regulatory architecture, its findings must be interpreted alongside several distinct research limitations:

- **Exclusive Reliance on Secondary Data:** The methodology relies entirely on a qualitative and descriptive review of secondary data from government agencies, central ministries, and multilateral organizations. Because it lacks primary empirical data, such as field surveys or direct interviews with enterprise owners, the research cannot completely capture real-time business perceptions or the ground-level experiences of entrepreneurs confronting field-level bureaucracy.
- **Data Discontinuity:** The study faces a significant longitudinal measurement challenge due to the World Bank's discontinuation of its *Ease of Doing Business* index in 2021. The shift from standardized, globally verified metrics to localized tracking frameworks like the Business Reforms Action Plan (BRAP) introduces a structural split in the data timeline, which limits the ability to draw a completely seamless, uniform line of global comparison up to 2026.
- **Macro-Level Aggregation:** The study aggregates data heavily at the macro and state levels. This broad approach naturally masks sector-specific variations, such as the differing compliance pressures between heavy manufacturing and digital services, as well as municipal-level regulatory bottlenecks that continue to affect enterprise operations on a daily basis.

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