

Moving up in the Ease of Doing Business index

India's [surge in the latest World Bank report](#) on “the ease of doing business” around the world — from the 130th position last year to the 100th — could not have come at a better time for the government. Facing sustained criticism of late over its handling of the economy, it was not entirely surprising that Finance Minister Arun Jaitley [held a press conference](#) just to discuss the findings of the Bank's report. He reiterated the commitment to pursue more reforms, especially in areas where the Index still rates India poorly among 190 countries. Prime Minister Narendra Modi has set for his government the target of entering the top 50 in the Bank's index, from the 142nd rank India was placed at in 2014 soon after he assumed office. Specific steps to cut red tape seem to be paying off, with the Bank recognising India as one of the top 10 countries that have made improvement over the past year, and the only large country to see a significant shift. The introduction of the new insolvency and bankruptcy resolution process, simplifications in the payment of statutory dues such as provident fund contributions and corporate taxes and easier access to credit are among the key changes that spurred India's latest ranking. It is also notable that India is now the fourth best placed in the world for minority investors, well ahead of several developed nations.

The Bank's report, based on executive actions and ground-level feedback from businesses in Mumbai and Delhi till June 1 this year, however, does not take into account the impact of the goods and services tax launched a month later. The quality and pace of course correction on the GST in the coming months will determine if India can hold its 100th position or move up further. Talking up the Modi government's approach, Mr. Jaitley sought to contrast the UPA era with the NDA's tenure by saying that the ease of doing corruption has been replaced by the ease of doing business. While the government has valid reasons to be upbeat, it must not lose sight of the larger challenges. The enforcement of contracts now takes longer than it did 15 years ago, while procedures to start a business or secure a construction permit remain cumbersome. As the country's largest urban agglomerations, Mumbai and Delhi cannot host the kind of large factories that India needs to generate adequate employment. It is critical that such procedural reforms reach the hinterland and a road map be drafted for the larger legislative changes needed in matters such as land acquisition. Lastly, while foreign investors are important, they often take their cue from the mood of domestic businesses. Last week, for instance, Sunil Bharti Mittal said the ease of doing business remains a concern despite the government's best intentions, and mooted a structured dialogue between India Inc. and policy-makers on the irritants to investment. The government, with great orators in its ranks, could perhaps be a better listener.

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