

INDIA CLIMBS 14 NOTCHES IN EASE OF DOING BUSINESS RANKING

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Demographic Economics & Various Indexes

In the latest ranking for countries in ease of doing business, the World Bank has placed India 63rd out of 190 countries — an improvement of 14 places from its 77th position last year. The country's score improved from 67.3 last year to 71.0 this year, as per The Doing Business 2020 study, released on Thursday.

The indicator measures the performance of countries across 10 different dimensions in the 12-month period ending May 1, 2019.

The 10 areas of study are: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, and resolving insolvency.

An 11th area – employing workers – is measured, but not factored into the score. A total of 294 reforms had been enacted by 115 countries, the bank said. The indicator, however, is not necessarily representative of each country. For 11 countries, two cities were selected to construct the indicator – Delhi and Mumbai in the case of India. India also featured, for the third consecutive year, in the list of 10 economies where business climates had improved the most.

This list comprises Saudi Arabia, Jordan, Togo, Bahrain, Tajikistan, Pakistan, Kuwait, China, India and Nigeria. The report called India's reform efforts "particularly commendable" given the country's size. The country's improved ranking was on the back of four reforms: starting a business, dealing with construction permits, trading across borders and resolving insolvency.

As a case in point, the report said there were improvements in the efficiency of acquiring building permits. Building a warehouse, for example, cost 4% of the warehouse value compared to 5.7% in the preceding year. Imports and exports became easier with a single electronic platform for trade stakeholders, among other things. The 'resolving insolvency' indicator, however, was mixed: the report noted that reorganisation proceedings had been promoted in practice, a positive for the indicator, but resolving insolvency had also been made harder because dissenting creditors would receive less under reorganisation than under liquidation.

Additionally, the report noted that the 'Make in India' programme and the government's attention to the Ease of Doing Business indicator were a means to demonstrate 'tangible progress'. The report also noted the government's goal of making it to the top 50 list by 2020.

"Governments can foster market-oriented development and broad-based growth by creating rules that help businesses launch, hire, and expand," World Bank Group President David Malpass said in a statement released on Wednesday.

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