

## INDIA IMPROVES RANK BY 23 POSITIONS IN EASE OF DOING BUSINESS<sup>1</sup> *India at 77 Rank in World Bank's Doing Business Report*

The World Bank released its latest Doing Business Report (DBR, 2019) in New Delhi. India has recorded a jump of 23 positions against its rank of 100 in 2017 to be placed now at 77<sup>th</sup> rank among 190 countries assessed by the World Bank. India's leap of 23 ranks in the Ease of Doing Business ranking is significant considering that last year India had improved its rank by 30 places, a rare feat for any large and diverse country of the size of India. As a result of continued efforts by the Government, India has improved its rank by 53 positions in last two years and 65 positions in last four years.

The Doing Business assessment provides objective measures of business regulations and their enforcement across 190 economies on ten parameters affecting a business through its life cycle. The DBR ranks countries on the basis of Distance to Frontier (DTF), a score that shows the gap of an economy to the global best practice. This year, India's DTF score improved to 67.23 from 60.76 in the previous year.

India has improved its rank in 6 out of 10 indicators and has moved closer to international best practices (Distance to Frontier score) on 7 out of the 10 indicators. But, the most dramatic improvements have been registered in the indicators related to 'Construction Permits' and 'Trading across Borders'. In grant of construction permits, India's rank improved from 181 in 2017 to 52 in 2018, an improvement of 129 ranks in a single year. In 'Trading across Borders', India's rank improved by 66 positions moving from 146 in 2017 to 80 in 2018. The changes in six indicators where India improved its rank are as follows:

S. No.	Indicator	2017	2018	Change
1	Construction Permits	181	52	+129
2	Trading Across Borders	146	80	+66
3	Starting Business <sup>a</sup>	156	137	+19
4	Getting Credit	29	22	+7
5	Getting Electricity	29	24	+5
6	Enforcing Contracts	164	163	+1
<b>Overall rank</b>		<b>100</b>	<b>77</b>	<b>+23</b>

<sup>1</sup> Available at: <http://www.pib.gov.in/PressReleaseDetail.aspx?PRID=1551403>

The important features of India's performance this year are:

- The World Bank has recognized India as one of the top improvers for the year.
- This is the second consecutive year for which India has been recognized as one of the top improvers.
- India is the first BRICS and South Asian country to be recognized as top improvers in consecutive years.
- India has recorded the highest improvement in two years by any large country since 2011 in the Doing business assessment by improving its rank by 53 positions.
- As a result of continued performance, India is now placed at first position among South Asian countries as against 6th in 2014.

**Indicator wise highlights of India's performance are:**

**A. Construction Permits –**

- Procedures reduced from 37 to 20 in Mumbai and from 24 to 16 in Delhi
- Time reduced from 128.5 to 99 days in Mumbai and from 157.5 to 91 days in Delhi
- Building quality control index improved from 12 to 14 in Mumbai and 11 to 14 in Delhi
- Cost of obtaining construction permits reduced from 23.2 percent to 5.4 percent
- DTF score improved from 38.80 to 73.81

**B. Trading Across Borders –**

- Changes in time and cost are as follows:

Delhi	Import				Export			
	Documentary Compliance		Border Compliance		Documentary Compliance		Border Compliance	
	Time (hrs.)	Cost (\$)	Time (hrs.)	Cost (\$)	Time (hrs.)	Cost (\$)	Time (hrs.)	Cost (\$)
<b>2017</b>	<b>58</b>	<b>140</b>	<b>262</b>	<b>550</b>	<b>21</b>	<b>90</b>	<b>125</b>	<b>413</b>
<b>2018</b>	<b>25</b>	<b>100</b>	<b>92</b>	<b>323</b>	<b>6</b>	<b>80</b>	<b>77</b>	<b>253</b>

  

Mumbai	Import				Export			
	Documentary Compliance		Border Compliance		Documentary Compliance		Border Compliance	
	Time (hrs.)	Cost (\$)	Time (hrs.)	Cost (\$)	Time (hrs.)	Cost (\$)	Time (hrs.)	Cost (\$)
<b>2017</b>	<b>65</b>	<b>129</b>	<b>267</b>	<b>536</b>	<b>58</b>	<b>94</b>	<b>85</b>	<b>348</b>
<b>2018</b>	<b>35</b>	<b>100</b>	<b>102</b>	<b>340</b>	<b>24</b>	<b>75</b>	<b>54</b>	<b>250</b>

- Robust Risk Management System has reduced inspections significantly
- e-Sanchit allows traders to file all documents electronically
- Time and cost to export reduced through the introduction of electronic self-sealing of container at the factor.

**C. Starting a Business -**

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- Procedures reduced from 11 to 10 in Delhi and 12 to 10 in Mumbai
- Time reduced from 30 to 16 days in Delhi and 29.5 to 17 days in Mumbai
- PAN, TAN, DIN now merged with SPICe making it a single form for company incorporation
- No requirement of inspection for registration under Shops & Establishment in Mumbai
- Distance to Frontier improved from 75.40 to 80.96

#### D. Access to Credit

- a. Rank improved from 29 to 22
- b. DTF improved from 75 to 80
- c. Strength of legal rights index improved from 8 to 9
- d. Secured creditors will now be repaid first during business liquidation hence given priority over other claims

#### E. Access to Electricity

- a. Procedures reduced from 5 to 3 in Delhi and 5 to 4 in Mumbai
- b. DTF improved from 85.21 to 89.15

Improvement have taken place due to the commitment of the Government to carry out comprehensive and complex reforms, supported by the bureaucracy which has changed its mind set from a regulator to a facilitator. The Government has undertaken an extensive exercise of stakeholder consultations to understand challenges of the industry, government process re-engineering to provide simplified and streamlined processes to create a more conducive business environment in the country. As a result of continued efforts, India's rank has improved as follows:

Year	2014	2016	2017	2018
Overall rank	142	130	100	77
DTF	53.97	56.05	60.76	67.23

The eight indicators in which India has improved its rank over last four years:

S. No.	Indicator	2014	2018	Change
1	Construction Permits	184	52	+132
2	Getting Electricity	137	24	+113
3	Trading across Borders	126	80	+46
4	Paying Taxes	156	121	+35
5	Resolving Insolvency	137	108	+29
6	Enforcing Contracts	186	163	+23
7	Starting a Business	158	137	+21
8	Getting Credit	36	22	+14

Implementation of reforms required coordination within various Ministries and government agencies:

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- a. DIPP prepared reform action plan based on global best practices, with support of World Bank's expert team
- b. Identification of nodal Departments and constitution of Task Force for each indicator. DIPP sensitizing Departments and worked with them for reform implementation
- c. Development of a Communication Plan for Dissemination of reforms to users and other stakeholders, to generate awareness and receive feedback.
  - i. DIPP engaged expert agencies to receive regular industry feedback on reforms
  - ii. Consulted stakeholders frequently to understand the gaps in reform implementation
  - iii. Created WhatsApp groups to share reforms and address concerns of users
  - iv. Conducted focused group discussions and one-to-one meetings with users
  - v. Ran twitter Polls and conducted live Twitter chat sessions to gauge user perception
- d. Identified corrective measures based on feedback received
- e. Regular review of reforms and removing bottlenecks in implementation
- f. Indian delegation visited World Bank multiple times to explain the reforms implemented and understand areas for improvement.

**Team ICSI**

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