

1. Ease of Doing Business Index

Prelims: Economy

Mains: GS-III Economic Development

Why in News?

- ▶▶ India climbed 14 ranks in the World Bank's Ease of Doing Business 2020 survey to stand at 63, among 190 countries, making it the one of world's top 10 most improved countries for the third consecutive time.

About:

- ▶▶ Ease of Doing Business report is an annual report published by the World Bank which ranks countries based on their performance in easing the rules and regulations to start a business.
- ▶▶ Higher rankings (a low numerical value) indicate better, usually simpler, regulations for businesses and stronger protections of property rights.
- ▶▶ Even this year New Zealand has topped the rank followed by Singapore and Hong Kong with 2nd and 3rd rank respectively.
- ▶▶ US and China are placed at 6th and 31st position respectively where both has been improved when compared to last year.

Indicators of Ease of Doing Business:

- ▶▶ A Nation's ranking on the index is based on the average of 10 Sub-Indices:
- ▶▶ **Starting a business** – Procedures, time, cost, and minimum capital to open a new business.
- ▶▶ **Dealing with construction permits** – Procedures, time, and cost to build a warehouse.
- ▶▶ **Getting electricity** – procedures, time, and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse.
- ▶▶ **Registering property** – Procedures, time, and cost to register commercial real estate.
- ▶▶ **Getting credit** – Strength of legal rights index, depth of credit information index.
- ▶▶ **Protecting investors** – Indices on the extent of disclosure, extent of director liability, and ease of shareholder suits.
- ▶▶ **Paying taxes** – Number of taxes paid, hours per year spent preparing tax returns, and total tax payable as share of gross profit.
- ▶▶ **Trading across borders** – Number of documents, cost, and time necessary to export and import.

- ▶▶ **Enforcing Contracts** – Procedures, time, and cost to enforce a debt contract
- ▶▶ **Resolving Insolvency** – The time, cost, and recovery rate (%) under bankruptcy proceeding.

Ease of Doing Business with India's Perspective:

- ▶▶ Last year, India jumped 23 places to reach 77th position. In the last five years, India's ranking has improved 79 places - to 63 in 2019 from 142 in 2014 - a record for a major economy.
- ▶▶ Compared with last year, India's ranking deteriorated on only two parameters - "**protecting minority investors**" (from 7th to 13th position) and "**getting electricity**" (from 22nd to 25th) - and remained unchanged in "**enforcing contracts**".
- ▶▶ Among the BRICS countries only **Russia** and **China** are ahead of India with their rankings at 28 and 31 respectively.
- ▶▶ Among the SAARC countries India is the topper in rankings.

