



*Vibrant India*  
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## Booster Shot for India, but More Needs to be Done

*There is understandable satisfaction that India has entered the top-100 club of nations in the World Bank's Ease of Doing Business ranking for 2018. It did so in style, making a huge jump of 30 places; in 2017 India was ranked 130, and now it is positioned at 100 in a list of 190 nations. Several interpretations can be made of this achievement, but a holistic one would be a vindication of the Government's persistent reforms drive in the business sector since coming to power in May 2014. In fact, the ranking has improved since then, even if incrementally. This is the first big leap, making India the only one in the BRICS (Brazil, Russia, India, China and South Africa) combine to do so. Besides, it's the only major economy in the world to have jumped 30 spots in one year. The report may be based on material available for Delhi and Mumbai, but it does reflect a positive trend seen across the country.*

*India cannot have achieved the feat by accident; it was driven by well-structured policies and rules. Besides, the ranking is not based on perceptions which are often vulnerable to biases, but on a host of clearly defined parameters. The country has shown improvement in six out of the 10 frameworks laid down in the report. As explained by Mr. Amitabh Kant, CEO, NITI Aayog, in his article 'How to Break into the Top 50' (Times of India November 2, 2017), the task of devising the strategy for improving India's standing in Ease of Doing Business, involved vigorously driven structural reforms to simplify procedures, modify or abolish rules to remove the bottlenecks. Mr. Kant observed that in a large country like India, "much of the action relating to investments has shifted to the States" and therefore, "government initiated a competition amongst states and Union Territories" that put "pressure on them to perform and deliver".*

*The result of the various measures under taken by the Central and State governments over last three years or so to cut red tape and simplify rules, is seen in significant improvements in a clutch of parameters adopted by the World Bank*



for the study. India jumped eight places in 'enforcing contracts', 33 spots in 'resolving insolvency', 15 places in 'getting credit', 53 spots in 'paying taxes' and nine spots in 'protecting minority investors'. These clearly point to the success of the Insolvency and Bankruptcy Code and various mechanisms such as the Securities and Exchange Board of India (Sebi) in effectively resolving disputes and keeping an eye on protecting small investors who have in the past often been victims of manipulation in the stock markets, as well as in the simplification of tax procedures and slabs. In addition, various ministries and Government departments also worked in tandem to revamp certain aspects of the business environment. The Department of Industrial Policy and Promotion (DIPP), for instance, became the driver of promoting the ease of doing business, making significant changes within the legal framework — changes that could have been done years before but were not. Online approvals and digital payments helped in hastening the processes without any compromise on transparency and rules. It may also be mentioned here that, according to a report, four years ago, it took 45 days to obtain an electricity connection in Delhi, while today it takes just 15 days; it took 127 days to start a new business 15 years ago and now it's just 30 days. The impact of these measures would be reflected in the 2019 report.

The present euphoria, though, must not be allowed to come in the way of some hard realisations. One of them is that the target of seeing India among the world's first 50 in the Ease of Doing Business ranking at the earliest cannot happen without the States getting on board. It must be noted that the climb up the ranking ladder came despite major slippages such as dropping down 16 places in the 2018 ranking in the 'registration of property' parameter. Property registration is a State task, just as land acquisition for public and business needs is. If the States do not show the desire for quick reforms, the failure will pull down the country's overall performance indicators. Unfortunately, some State regimes have decided to oppose the Centre for the sake of opposition, and have taken this task to ridiculous levels. It's also not a coincidence that the country's ranking is still relatively unsatisfactory in parameters such as 'starting business' or 'getting electricity' — both of which are under the State's purview. If States get more cooperative by leaving aside politics and also adopt online registrations on a larger scale, the country could enhance its performance on this parameter in the coming years. Similarly, on the 'getting electricity' parameter, the country's ranking dropped by three places despite the Central government's efforts to provide electricity to all



*Indian homes in the coming years. The lag is largely because State Governments have a major role to play in this sector, especially in the last mile connectivity, and not many of them have risen to the occasion for various reasons.*

*The World Bank's Doing Business Report has come at a time when critics of the Government are accusing it for its 'failure' in managing the economy and the business environment, that has resulted in a slowdown of economic growth, and for disruption in business as a result of the Goods and Services Tax (GST) implementation. It can be argued with some amount of conviction that the elevated status does not necessarily reflect on the Government's economic growth policies or measures to boost employment. If the Government handles their fallouts competently, they may well turn out to be key factors in an even higher ranking. One will have to wait and watch. But there cannot be any dispute that a better ranked India will attract more investment, lead to more activity in the business sector which could trigger job growth. Of course, more needs to be done to achieve the twin goals of boosting GDP growth and employment. There is no scope for complacency now. The rankings have to be further improved for which the reforms drive must continue — if anything, with added vigour. It would make sense for the Central and State governments to work together, just as they have been doing in the GST roll-out, regardless of political differences, for the larger good of the country. A certain level of statesmanship is required from both sides. And yet, it would be churlish to play down the World Bank report, describing it as "manufactured relevance".*

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*(Views expressed are of the author and do not necessarily reflect the views of the VIF)*



## About VIF

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