

# Huge ranking jump to boost biz in India



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**I**ndian industry celebrates the quantum jump in the country's Ease of Doing Business ranking and felicitates Prime Minister Narendra Modi's government for this huge improvement. It is indeed an impressive and major achievement, that shows India can deliver on reforms.

Three years ago, the Prime Minister announced the ambitious aspiration of taking India's rank in the World Bank's Doing Business report to 50. In the latest report, India has shot up 30 places to 100th rank, bringing this target within reach. For Indian industry, that has for long been waiting for change in its operating environment, this turbo-charged climb is a huge relief, generating optimism that the investment climate will improve further in the coming days.

The latest ranking goes to show how far a committed, mission-mode approach driven by a determined leader and actioned by multiple ministries/departments can take the country. The World Bank looks at processes in 10 areas, and each of them requires strategies down the administrative chain to the last interface with industry. The impressive surge in India's rank, the most by any nation in this year's report, reflects aggressive and transformational policies that translated into real action on the ground. That different arms of the Centre as well as state governments can come together, pulling as one, is itself a cause of celebration.

The World Bank report is the first touchpoint for investors who plan to do business in another country. Its rankings are closely examined

and can determine the investment attractiveness of a country. Although its methodology has changed over the years, leading to shifts in ranking, India's leap from 142nd position in 2015 to 100th this year will entice investors to examine the opportunities in the country more closely. Already, inflows of FDI are at a peak of \$60 billion in 2016-17, and this can climb further upwards.

The World Bank assessment includes a score showing the gap or distance to the perfect performance of 100. India's score has been going up over the years, from 50.34 in 2014 to 56.05 in 2017 and 60.76 in 2018 report, which shows the highest score (86.55) for New Zealand. India has shown upward movement for nine of 10 indicators, and rose in rankings for six indicators with reforms noted in eight of 10 parameters. The highest improvement was in "paying taxes", where the rank increased by 53 spots, while "resolving insolvency" went up by 15 ranks and "getting credit" by 15. In "protecting minority investors", India emerged as somewhat of a global model, with 4th rank.

In many areas, the government has prioritised reducing direct interface with enterprises by placing approvals and clearances on digital platforms. The electronic Simplified Proforma for Incorporating Companies Electronically (SPICE) makes it easier to start a business, and combines various identification details. For exports and imports, the single-window interface for facilitating trade (SWIFT) was rolled out to eliminate the need for physical submission of documents. Judicial processes for commercial

disputes too have gone digital, with e-filing, e-payments and e-summons along with electronically-signed orders.

The government has actually gone well beyond World Bank requirements, which essentially look at processes in just two cities: Mumbai and Delhi. The most critical aspect of the government's investment facilitation campaign is its effort to work with the states to address the business climate for tangible improvement at the grass-roots.

The department of industrial policy and promotion (DIPP), the nodal agency for Ease of Doing Business (EODB) reforms, has finalised a 98-point action plan in consultation with the states in December 2014, and assessed their performance in a report in September 2015. The states' performance remained quite low in this report, but in 2016, with 340 actions identified by DIPP, remarkable progress was seen with 12 states achieving over 90 per cent of reforms. The current year's action plan includes 376 reforms, across areas like regulations, labour returns and self-certification, resolution of commercial disputes, digitisation and online land systems.

All these have translated into better results for businesses. With more processes going online, there is a visible difference in the way enterprises interact with government departments. There is more transparency and efficiency in the system, and lower human interface reduces the chances for corruption.

Prospects for the future are promising. The landmark Goods and Services Tax was not

included in this year's reform list as it didn't meet the World Bank's cut-off date. Some other key reforms — Insolvency Code, recapitalisation of banks, and public procurement for small enterprises also haven't found a place in the report. Further, several reform areas like disinvestment or identification of stressed assets aren't counted among the 10 parameters. With the Centre firm and consistent on the pace of reforms, and state governments competing to attract investments, we can only expect India's position to rise further.

Industry has been deeply involved in the entire EODB process, which has been consultative and proactive. The CII submitted inputs continuously on choke points for industry and worked with state governments in the reforms process. We found DIPP, government agencies and state governments to be responsive and forthcoming, keen to identify the issues and resolve them swiftly. This consultative partnership is an exemplary model for the future.

There is, of course, a long way to go before all of India evolves a facilitative investment climate. Among the 10 parameters, the country's rank declined in four last year. India remains among the low performers in "dealing with construction permits" and "enforcing contracts". States too show wide variation in actioning reforms. However, the big ranking jump shows that achieving impressive results within a year is possible.

With a whole-of-government approach, it is clear that ease of doing business is a high priority on the policy agenda. The latest rankings reward all the hard work of the past three years, and assure us that breaking into the top 50 rank is a dream that can be achieved soon.

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