

# A Bird's eye view on Ease of Doing Business (EODB)

-Dr.K.Chandrasekhara Rao., Dy.Commissioner, Dept of State Tax, Andhra Pradesh.

*"History jump in EODB rankings is the outcome of the all-round and multi-sectoral reform rush of team India"*

- Prime Minister, Narendra Modi.

*"We jumped over Places in three years, and as PM Narendra Modi had said about setting a target to get among the TOP I believe it is eminently doable"*

- Finance Minister, Arun Jaitley

## ABSTRACT

"Struggle for the existence and survival for the fittest become order of the day". This can be squarely applies to the domestic and international business also. It is a fact that there is a one to one relationship between EODB and good economic outcomes such as a higher level of GDP per capita or a higher growth rate. To substantiate the same, a Wall Street Journal Column by economist John Coherence said that there is a tight correlation between the GDP per capita, as measured by its natural logarithm, and the World Bank's "distance to Frontier (DTF)" Index, which is derived from the better known ranking of countries, when comparing across a large set of advanced and emerging economics at a point of time. In particular, higher GDP per capita correlates well with a higher DTF scores, and vice versa Like-wise, the economist Bradford Delong said that a better business environment leads to higher GDP Per capita. Thus better EODB leads to higher GDP per capita and vice versa. *Raison d'etre*, our daring dashing and dynamic Prime Minister of India, Narendra modi has affirmed on myriad occasions his desire to make India a global manufacturing hub and provide gainful employment to all Indians. Due to his strenuous exertions, now India scored 100<sup>th</sup> rank out of 190 countries across the globe as far as EODB is concerned which is heartening to note here. Against this backdrop, an exertion has been initiated to focus a bird's eye view on the introduction, present and future trends, challenges, and suggestions followed by a logical conclusion.

*Key Words : EODB, DTF, GDP, World Bank Group (WBG), DB measures.*

## Introduction:

EODB Index is created by the world Bank Group since 2003, which is aimed to measure the costs to firms of business regulations in 189 countries. The study has become one of the flagship knowledge provides of the WBG in the field of private sector development and is claimed to have motivated the design of several regulatory reforms in developing countries. The TEG study of WBG stated that "for country authorities, is sheds a bright, sometimes unflattering, light on regulatory aspects of their business climate. For business interest, it has helped to catalyze debates and dialogue about reform. For the WBG, it demonstrates an ability to provide global knowledge, independent of resource transfer and conditionality. The annual exercise generates information that is relevant and useful. The foundation of EODB is the nation that economic activity, particularly private sector development, benefits from clear and coherent rules. The objective is to encourage regulation that is

designed to be efficient, accessible to all and simple to implement. According to experts, some of the key initiatives by the Government of India which influenced the EODB include : Regulatory Reforms, Introduction of online processes, Simplified Process for FDI, Introduction of GST and simplification of MAT, Reduction in corporate Tax, Policies related to Transfer pricing and Sector- Specific Initiatives in Aviation, Oil and Gas, defense Coal, Telecommunication and petrochemical etc. *Raison d'etre*, our daring, dashing and dynamic Prime Minister, Narendra Modi has been doing Strenuous exertions to enthrall the foreign investors towards this end. Consequently, India witnessed its highest ever jump of 30 places in the rankings by reaching the 100<sup>th</sup> place among 190 countries. Furthermore, it also joined in the list of TOP 10 improvers for the first time and become the first South Asian Country to achieve the feat. However the World Bank measures this interns of DTF metric on a scale of '0 to 100'. It is heartening to note that India has displayed a drastic improvement of 4.71 points over the last year from 56.05 to 60.76, which is closer to the global standards in nine of the parameters on which the EODB rankings are based and has enforced reforms in eight of these categories over the last year. The three key reforms among these were resolving insolvency, ease of paying taxes online and protection of minority investors.

### DOING BUSINESS MEASURES :

Doing Business captures several important dimensions of the regulatory environment as it applies to local firms. It provides quantitative indicators on regulation for 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 .*Doing Business* also measures features of labour market regulation. Although *Doing Business* does not present rankings of economies on the labour market regulation indicators or include the topic in the aggregate distance to frontier score or ranking on the ease of doing business, it does present the data for these indicators.

### Doing Business Measures—11 Areas of Business Regulation

Indicator set	What is measured
Starting a business	Procedures, time, cost and paid-in minimum capital to start a limited liability company
Dealing with construction permits	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
Getting electricity	Procedures, time and cost to get connected to the electrical grid, the reliability of the electricity supply and the transparency of tariffs
Registering property	Procedures, time and cost to transfer a property and the quality of the land administration system
Getting credit	Movable collateral laws and credit information systems
Protecting minority investors	Minority shareholders' rights in related-party transactions and in corporate governance
Paying taxes	Payments, time and total tax rate for a firm to comply with all tax regulations as well as post-filing processes

Indicator set	What is measured
Trading across borders	Time and cost to export the product of comparative advantage and import auto parts
Enforcing contracts	Time and cost to resolve a commercial dispute and the quality of judicial processes
Resolving insolvency	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
Labour market regulation	Flexibility in employment regulation and aspects of job quality

### Doing Business Report, 2018- Trends across the Globe:

Good regulatory practices are present in almost all the world's regions. Aside from 28 OECD high income economics, the 50 highest ranked economics include 13 from Europe and Central Asia, five from East Asia and the Pacific, two from sub-Saharan Africa and one each from the regions of Latin America and the Caribbean and the Middle East and North Africa. In OECD high income economics, for example, New Zealand, Denmark and Korea have the highest overall distance to frontier scores at 86.55, 84.06 and 83.92 respectively. Conversely, Greece, Luxembourg and Chile have the lowest scores in this group, at 68.02, 69.01 and 71.22 respectively. Albeit, the OECD high income group has the smallest gap between the highest and the lowest scores of only 18.3% points. Sub-Saharan Africa has the widest gap with 57.56% points with a regional average score of only 50.43 – the lowest across all the regions. Among the economics of Sub-Saharan Africa, Mauritius has the highest distance to frontier score of 77.54, while Somalia the lowest of 19.98. Doing Business 2018 captures 264 business regulation reforms across the 10 measured indication sets. As in previous year, sub-Saharan Africa is the region with the highest number of reforms with 83 in total followed by East Asia and the Pacific with 45 and Europe and Central Asia with 44%. The regions with the highest share of South Asia with 75% and sub-Saharan with 79%, while the OECD high income group has the lowest share with 46% of the 10 economics showing the most improvement in performance on the DB indicators, there are four from sub-Saharan Africa, two from East Asia and Pacific, two from Europe and Central Asia, one from Latin America and the Caribbean, one from the Middle East and North Africa and one from South Asia. Brunei Darussalam is the only high income economy on the list of TOP 10 improvers, showed the largest advance towards the global good practice frontier after implementing 8 reforms in 2016 and 2017, it joins this list for the second year in a row. El Salvador, India, Malawi, Nigeria and Thailand have also made impressive strides and joined TOP 10 improvers for the first time, since they have implemented the highest number of business regulation reforms for the last 2 years. Thus the DB report, 2018 presents 4 case studies, two of which focus on transparency. The first case study on starting a business analyses new data about the information available at business registries. It finds that economic with more transparent and accessible information have lower levels of corruption on average. The second case study on registering property analysis the transparency of information as captured by the quality of land administration in due and shows that transparent land administration systems are associated with a lower incidence of bribery. The third case study on dealing with construction regulation. It demonstrates that economics which employ some form of private sector investment in construction regulation tend to have more efficient process and better

quality controls. Albeit, they also 'exhibit higher costs and a propensity for conflicts of interest'. The fourth case study on resolving insolvency discusses three successful insolvency reforms- in France, Slovenia and Thailand – and the lessons learned that are transferable viewed from the following table with 190 country wise:

**Table : Ease of Doing Business Rankings Across the Globe**

DB 2018 Rank	Economy	DTF score	DTF change	DB 2018 Rank	Economy	DTF score	DTF change	DB 2018 Rank	Economy	DTF score	DTF change
1	New Zealand	86.55	-0.18	65	Albania	68.70	+0.96	129	St. Vincent and the Grenadines	55.72	+0.01
2	Singapore	84.57	+0.04	66	Bahrain	68.13	+0.01	130	Palau	55.58	+0.46
3	Denmark	84.06	-0.01	67	Greece	68.02	+0.01	131	Nicaragua	55.39	+0.09
4	Korea, Rep.	83.92	0.00	68	Vietnam	67.93	+2.85	132	Barbados	55.20	-0.09
5	Hong Kong SAR, China	83.44	+0.29	69	Morocco	67.91	-0.03	133	Lebanon	54.67	-0.10
6	United States	82.54	-0.01	70	Jamaica	67.27	+0.57	134	St. Kitts and Nevis	54.52	+0.18
7	United Kingdom	82.22	-0.12	71	Oman	67.20	+0.08	135	Cambodia	54.47	+0.23
8	Norway	82.16	-0.25	72	Indonesia	66.47	+2.25	136	Maldives	54.42	+0.64
9	Georgia	82.04	+2.12	73	El Salvador	66.42	+3.54	137	Tanzania	54.04	+0.11
10	Sweden	81.27	+0.03	74	Uzbekistan	66.33	+4.46	138	Mozambique	54.00	+0.97
11	Macedonia, FYR	81.18	-0.21	75	Bhutan	66.27	+1.06	139	Côte d'Ivoire	53.71	+2.04
12	Estonia	80.80	+0.05	76	Ukraine	65.75	+1.90	140	Senegal	53.06	+3.75
13	Finland	80.37	-0.11	77	Kyrgyz Republic	65.70	+0.54	141	Lao PDR	53.01	+0.43
14	Australia	80.14	0.00	78	China	65.29	+0.40	142	Grenada	52.94	-0.11
15	Taiwan, China	80.07	+0.41	79	Panama	65.27	+1.25	143	Mali	52.92	+0.30
16	Lithuania	79.87	+1.05	80	Kenya	65.15	+2.59	144	Niger	52.34	+2.26
17	Ireland	79.51	-0.19	81	Botswana	64.94	+0.07	145	Nigeria	52.03	+3.85
18	Canada	79.29	-0.09	82	South Africa	64.89	-0.08	146	Gambia, The	51.92	-0.01
19	Latvia	79.26	-0.79	83	Qatar	64.86	+0.61	147	Pakistan	51.65	+0.71
20	Germany	79.00	-0.19	84	Malta	64.72	+0.43	148	Burkina Faso	51.54	-0.20
21	United Arab Emirates	78.73	+1.87	85	Zambia	64.50	+3.92	149	Marshall Islands	51.45	+0.03
22	Austria	78.54	-0.15	86	Bosnia and Herzegovina	64.20	+0.42	150	Mauritania	50.88	+1.56
23	Iceland	78.50	+0.01	87	Samoa	63.89	+2.06	151	Benin	50.47	+1.85
24	Malaysia	78.43	+0.96	88	Tunisia	63.58	-0.20	152	Bolivia	50.18	+0.32
25	Mauritius	77.54	+2.09	89	Tonga	63.43	+0.50	153	Guinea	49.80	+0.32
26	Thailand	77.44	+5.68	90	Vanuatu	63.08	+0.02	154	Djibouti	49.58	+3.99
27	Poland	77.30	+0.18	91	St. Lucia	62.88	+0.01	155	Micronesia, Fed. Sts.	48.99	+0.01
28	Spain	77.02	0.00	92	Saudi Arabia	62.50	+2.92	156	Togo	48.88	+0.64
29	Portugal	76.84	-0.14	93	San Marino	62.47	-0.03	157	Kiribati	48.74	-0.31
30	Czech Republic	76.27	+0.03	94	Uruguay	61.99	+0.35	158	Comoros	48.52	+0.47
31	France	76.13	-0.06	95	Seychelles	61.41	+1.01	159	Zimbabwe	48.47	+0.80
32	Netherlands	76.03	+0.51	96	Kuwait	61.23	+1.52	160	Sierra Leone	48.18	-0.06
33	Switzerland	75.92	+0.19	97	Guatemala	61.18	-0.43	161	Ethiopia	47.77	+2.08
34	Japan	75.68	+0.07	98	Dominica	60.96	+0.34	162	Madagascar	47.67	+3.05
35	Russian Federation	75.50	+0.81	99	Dominican Republic	60.93	+2.52	163	Cameroon	47.23	+2.18
36	Kazakhstan	75.44	+1.06	100	India	60.76	+4.71	164	Burundi	46.92	+0.06
37	Slovenia	75.42	+0.99	101	Fiji	60.74	+0.04	165	Suriname	46.87	+0.11
38	Belarus	75.06	+0.55	102	Trinidad and Tobago	60.68	-0.19	166	Algeria	46.71	-0.01
39	Slovak Republic	74.90	-0.25	103	Jordan	60.58	+2.38	167	Gabon	46.19	+1.33
40	Kosovo	73.49	+4.98	104	Lesotho	60.42	+0.54	168	Iraq	44.87	+0.48
41	Rwanda	73.40	+3.21	105	Nepal	59.95	+2.35	169	São Tomé and Príncipe	44.84	+0.39
42	Montenegro	73.18	+1.64	106	Namibia	59.94	+0.54	170	Sudan	44.46	+0.17
43	Serbia	73.13	+0.26	107	Antigua and Barbuda	59.63	+0.98	171	Myanmar	44.21	+0.30
44	Moldova	73.00	+0.20	108	Paraguay	59.18	+0.06	172	Liberia	43.55	+3.10
45	Romania	72.87	+0.17	109	Papua New Guinea	59.04	+0.17	173	Equatorial Guinea	41.66	+1.77
46	Italy	72.70	+1.15	110	Malawi	58.94	+6.33	174	Syrian Arab Republic	41.55	+0.08
47	Armenia	72.51	+0.59	111	Sri Lanka	58.86	+0.13	175	Angola	41.49	+1.38
48	Hungary	72.39	+0.26	112	Swaziland	58.82	+0.25	176	Guinea-Bissau	41.45	+0.23
49	Mexico	72.27	+0.18	113	Philippines	58.74	+0.42	177	Bangladesh	40.99	+0.15
50	Bulgaria	71.91	+0.10	114	West Bank and Gaza	58.68	+3.80	178	Timor-Leste	40.62	-0.07
51	Croatia	71.70	+0.05	115	Honduras	58.46	-0.07	179	Congo, Rep.	39.57	-0.52
52	Belgium	71.69	-0.23	116	Solomon Islands	58.13	-0.01	180	Chad	38.30	-0.28
53	Cyprus	71.63	-0.49	117	Argentina	58.11	+0.07	181	Haiti	38.24	+0.01
54	Israel	71.42	+0.05	118	Ecuador	57.83	-0.01	182	Congo, Dem. Rep.	37.65	+0.22
55	Chile	71.22	+0.37	119	Bahamas, The	57.47	+0.82	183	Afghanistan	36.19	-1.80
56	Brunei Darussalam	70.60	+5.83	120	Ghana	57.24	+0.34	184	Central African Republic	34.86	+0.78
57	Azerbaijan	70.19	+3.12	121	Belize	57.11	+0.03	185	Libya	33.21	+0.03
58	Peru	69.45	+0.01	122	Uganda	56.94	+0.42	186	Yemen, Rep.	33.00	+0.06
59	Colombia	69.41	-0.11	123	Tajikistan	56.86	+0.93	187	South Sudan	32.86	-0.33
60	Turkey	69.14	+1.16	124	Iran, Islamic Rep.	56.48	+0.26	188	Venezuela, RB	30.87	-0.79
61	Costa Rica	69.13	+1.23	125	Brazil	56.45	+0.38	189	Eritrea	22.87	+0.42
62	Mongolia	69.03	+1.27	126	Guyana	56.28	+0.39	190	Somalia	19.98	-0.31
63	Luxembourg	69.01	+0.35	127	Cabo Verde	56.24	+0.42				
64	Puerto Rico (U.S.)	68.85	+0.05	128	Egypt, Arab Rep	56.22	+0.10				

Source: Doing Business Database

**EODB - Trends in India:**

By reckoning the myriad benefits to elevate Indian economy according to the global economic trends, out Prime Minister, Narendra Modi have initiated the DB in measures as far as possible and consequently India scored 100<sup>th</sup> rank out of 190 across the globe, from 131 rank in the year 2013 to 100 rank in 2018. The NDA Government has initiated quite a good number of measures to improve Indian ranking across the globe such as quick permissions for establishment, Credit systems, online easy payment of tax, and redressal of commercial disputes etc. Against 29 states in India, Telangana scored 59.55% of points and AP being newly formed state scored only 12.90% of points. Albeit, this phenomenon can be viewed by the following table.

**Ease of Doing Business (EODB) – State-wise Rankings:**

Rank	State	% of Points
1	Telangana	59.95
2	Haryana	52.96
3	West Bengal	42.47
4	Odissa	42.20
5	Assam	41.67
6	Maharashtra	41.40
7	Chattisgad	40.59
8	Karnataka	36.56
9	Gujarath	34.68
10	Rajasthan	33.06
11	Himachala Pradesh	31.72
12	Jarkhand	30.28
13	Tamilnadu	25.14
14	Bihar	13.17
15	Andhra Pradesh	12.90

Source: Eenadu Dt.01.11.2017, P.No.8.

**Indian Rankings across the World for the last 5 years**

Year	Ranking
2013	131
2014	134
2015	142
2016	131
2017	130
2018	100

Source : Eenadu Dt.01.11.2017, P.No.8.

**Factors which caused to improve Indian Ranking across the globe :**

S.No	Factor	Year 2016	Year 2017
1	To start business	155	156
2	Permissions for establishment	185	181

3	To obtain credit	44	29
4	To safeguard of minority shareholders	13	4
5	Payment of tax	172	119
6	To obtain power connection	26	29
7	Registration of Assets	138	154
8	International Commerce and business	143	146
9	Redressal of Commercial disputes	172	164
10	I.P. Process	136	103

Source : Eenadu Dt.01.11.2017,P.No.8

### Suggestions to robust EOD:

1. Know the Competition: In the present LPG Scenario, it may not be enough to know the competitors. We have to evaluate what they offer so we can help differentiate ourself from the pack. Analyze what makes us stand out in a crowd. This may be our most powerful business development tool.
2. Add value and build trust: Rather than going after people wallets, reckon going after their hearts. Business growth can come from adding value to every relationship, with prospective customers and existing customers. Besides that, we can add value by providing information and knowledge, by an advisor, by obsessing over treating customer's right, both before and after the sales, and by having a reputation for great execution and white glove service.
3. Use testimonials wisely: Testimonials can be a crucial part of establishing credibility in the initial stages when you court a new prospect. Besides that, beware of inundating your prospects with a large number of testimonials use only that type of testimonials which are authentic and have the ring of truth.
4. Keep an eye on online reviews : A 2015 survey by bright local shows that 92% of consumers read online reviews for local business and 80% of consumers trust online.
5. Ask for the business: The "let us do business together" approach is direct and honest, and can signal your confidence in the value of your service or produced.
6. Pay attention to your Website: A recent research displays that 84% of business customers are used to check business websites. Habituate rewarding visitors who land on your site. Make it easy for tem to share the resources with others sans having to fill out forms, deal with constant pop up windows and other annoying interruptions.
7. Donate let relationships go cold : A study conducted by manta and Kelsey divulges that a repeat customer spends 67% more than a new customer. More than 60% of small-business owners generate the majority i.e., 57% plus of their annual revenue from repeat customers rather than new know what is happening in their world and react as you see fit. Share useful content on regular basis. Send a note on special occasions such as birth days or anniorsaries connect with your clients on linked in and keep in touch with them.
8. Beat your Compositors to the punch: A research from insidesales.com divulges that 50% buyers choose the vendor that is the first to respond to them. Make them aware that business development is everyone's business so that a perspective client is quickly funneled through the right person in the company.

9. Sharpens your business development skills : “ Struggle for the existence and survival for the fittest become the order of the day”. Hence hone your skills for the development of business joining online class offered by Odem is one among such.

10. Other suggestions :

- i. Remove obstacles to starting a business.
- ii. Streamlining the process of obtaining a building permit.
- iii. Making access to electricity more efficient and reliable
- iv. Strengthening access to credit
- v. Protecting the rights of minority share holders
- vi. Enhancing the tax compliance systems
- vii. Facilitating international trade
- viii. Enhancing judicial efficiency
- ix. Promoting efficient bankrupting regimes
- x. Changing market regulation.

### Conclusion:

In order to be successful in any exertion in life in today's, planning ahead is key. Like-wise in business, strategies is key in order for survival especially when entering into a marketing either abroad or India. India is especially a fertile place for the international market due to LPG and similar factors that have modernized the country for the last few years in the food field, Mc. Donald's, Taco bell and Dunkin Domes etc have penetrated in to the Indian market .presently, the Indian market is hungry for new global business that are ready to enter its consumer base. Albeit, a successful entry will look into a variety of factors such as the level of political stability, the economic situation, the local needs of such a corporation besides key success factory that make or break the company. *Raison d'tre*; the Government of India has implemented the 'EODB policy' to overcome the redtapism. In order to tap the share in the global market under the dynamic stewardship of our Prime Minister, Narendra Modi started a big leap in the form of implementation of GST Act with effect from 1<sup>st</sup> July,2017. Though encountered certain teething and puberty problems, gradually an extol able results are being succumbed due to steps taken by the Government of India for EODB. Further, it is positively extrapolates that if at all the government, the public and private sectors will be implemented the suggestions and recommendations as cited supra with true letter and spirit. I am sure, the GDP will be hiked to a greater extent beyond any skepticism. Before epilogue, it is an opt to quote here the buzz words:

*“India's climb up in easy of doing index comes on the back of several bold reform measures including GST, Insolvency and Bankrupt code, digitalization and involvement of status in faster clearance of projects. However, a lot of more needs to be done and the effort in further scaling up of Easy doing business continue “-Industry Chamber, ASSOCHAM.*

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