

EASE OF DOING BIZ

Andhra on top again, UP soars to 2nd spot

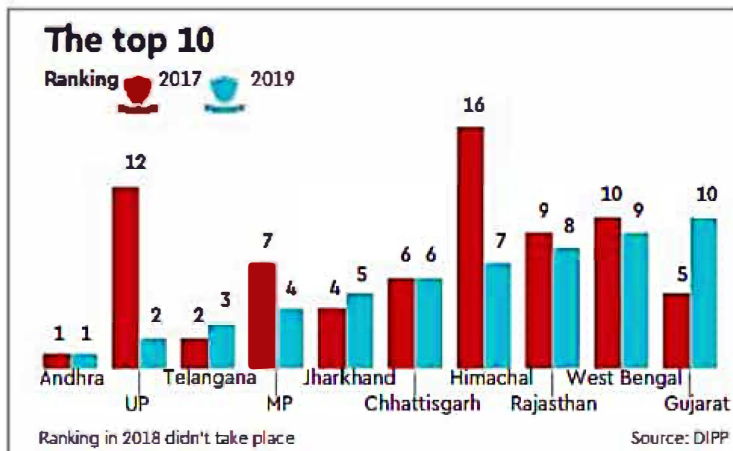
● Haryana, Gujarat slip in ranking based on Business Reforms Action Plan 2019

FE BUREAU
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ANDHRAPRADESH LED the pack in implementing reforms under the Centre's ease of doing business initiative for a third straight year, as per the ranks based on Business Reforms Action Plan 2019 released on Saturday.

Importantly, in a first, the latest ranking of states are based purely on stakeholders' comments on all reform measures, instead of a mix of their claims (verified) and user feedback. This is in sync with a practice adopted by the World Bank when it ranks countries on ease of doing business.

Importantly, Uttar Pradesh moved up by 10 notches from the last ranking to grab the second position in the latest index, remaining the best performer among major states. However,



INDIA'S COMMITMENT TO REFORM BEING TAKEN SERIOUSLY BY FOREIGN INVESTORS

— NIRMALA SITHARAMAN, FM

Haryana and Gujarat, which occupied the third and fifth positions, respectively, in Business Reforms Action Plan 2017, saw their ranking sliding to 16th and 10th now. The ranking of states is being done by the World Bank, and the department for the promotion of industry and internal trade (DPIIT) assumes the role of a facilitator between

the Bank and states. The ranking, based on Business Reforms Action Plan 2018, wasn't released last year, partly due to the general polls.

Interestingly, Delhi — the most important of the three destinations (the others being Mumbai and Bengaluru) in the World Bank's surveys for ranking India among other countries in ease of

doing business — improved its ranking by 11 notches to the 12th position among 36 states and Union territories. This is good news for India's ranking because, despite marked improvement in recent years to a record 63rd position last year, Delhi's poor performance continued to partly weigh down the country's ranking.

Comments of as many as 35,000 users were sought on over 180 reforms parameters for the latest ranking exercise.

Releasing the ranking of states, finance minister Nirmala Sitharaman said India's commitment to reform is being taken seriously by foreign investors, which is evident from the good inflow of FDI even during the time of Covid-19. Between April-July, the foreign direct investment (FDI) into India stood at \$20 billion. "India's commitment to reform is taken seriously by investors abroad and they take India to be a very desirable destination, otherwise we wouldn't be seeing good amount of FDI coming even during the pandemic time when India, as many of our critics would say, had the strictest lockdown," Sitharaman said.

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The finance minister added that Aatmanirbhar Bharat will lead to greater export competitiveness, better pricing and quality of exports, which show the Indian skill of making things to perfection. Speaking on this occasion, commerce and industry minister Piyush Goyal said: "We are looking at a digital platform where all central, state and local approvals get captured on a single website through a single payment gateway, thereby further improving the ease of doing business."

However, the ranking in ease of doing business is an assessment of how the states fare in implementing an action plan adopted by them with the help of the Centre within a particular time-frame. It doesn't, however, accurately reflect the level of business-conducive nature of the states, based on historical progress or backwardness on this parameter. Nevertheless, it reflects the willingness of states to improve their business climate to attract investors.

Interestingly, while the average score of states in 2015, when such rankings were introduced, was just 32%, it has steadily improved to touch 62% in 2019. Notably, five of the seven states with the lowest income levels in India have grabbed a place in the top ten. The low-income states that have scored well are: Uttar Pradesh (2nd), Madhya Pradesh (fourth position), Jharkhand (at number 5), Chhattisgarh (sixth spot) and Rajasthan (8th rank). This time, the 180 reform issues covered areas such as construction permit, land availability, enforcement of contracts and commercial dispute resolution, environmental registration, labour regulations, online tax-returns filing, inspection reforms, access to information and transparency and single-window facilities.