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## Global Competitiveness Index 4.0: WEF

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The **World Economic Forum (WEF)** has released the 2019 edition of the Global Competitiveness Report which features the Global Competitiveness Index 4.0 (GCI 4.0).

### HOW INDIA HAS FARED

#### OVERALL RANKING IN GLOBAL COMPETITIVENESS INDEX



#### RANKING ACROSS PARAMETERS

2018		2019
47	Institutions	59
63	Infrastructure	70
117	ICT adoption	120
49	Macro-economic stability	43
108	Health	110
96	Skills	107
110	Product market	101
75	Labour market	103
35	Financial system	40
3	Market size	3
58	Business dynamism	69
31	Innovation capability	35

- The World Economic Forum introduced the **new Global Competitiveness Index 4.0 in 2018**. GCI 4.0 provides a detailed map of the factors and attributes that drive productivity, growth and human development in the era of the **Fourth Industrial Revolution**.

The **GCI 4.0** covers **141 economies**, which account for **99% of the world's GDP**.

- The GCI 4.0 of 2019 reveal that, on average, most economies continue to be **far from the competitiveness “frontier”**—the aggregate ideal across all factors of competitiveness.
  - A country’s performance on the overall GCI is reported as a **‘progress score’ on a 0-to-100 scale**, where **100 represents the ‘frontier’**, an ideal state where an issue ceases to be a constraint to productivity growth.
- This edition of the report focuses on building shared prosperity (addressing inequality) and managing the transition to a sustainable economy (addressing environmental issues) along with competitiveness and growth.
- The report is based on **12 set of factors (pillars) that determine productivity**. These are: Institutions; Infrastructure; ICT adoption; Macroeconomic stability; Health; Skills; Product market; Labour market; Financial system; Market size; Business dynamism; and Innovation capability.
- The index has been **an annual edition since 1979**.

## Key Findings

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- India has moved down **10 places to the rank of 68<sup>th</sup>** compared to the **58<sup>th</sup> rank of 2018** primarily because of **faster improvements of several countries** previously ranked lower.
- **Positives for India:**
  - India ranks high on **macroeconomic stability (90, 43<sup>rd</sup>)** and **market size (93.7, 3<sup>rd</sup>)**,
  - India performs well when it comes to **innovation (50.9, 35<sup>th</sup>)**, well ahead of most emerging economies and on par with several advanced economies.
  - Its **financial sector (69.5, 40<sup>th</sup>)** is relatively deep and stable.
- **Challenges for India:**
  - India ranks beyond 100<sup>th</sup> on five pillars and features in the top 50 of just four pillars.
  - Major shortcomings in some of the basic enablers of competitiveness, **like ICT adoption is limited (31.1, 120<sup>th</sup>)** but has improved sharply (+8 since the 2017 edition).
  - **Health conditions** remain poor, as reflected in low healthy life expectancy (59.4 years, 109<sup>th</sup>), which is one of the shortest outside Africa and significantly below the South Asian average.
  - **Weak banking system (60.4, 89<sup>th</sup>)**.
  - India must **also grow its skills base (50.5, 107<sup>th</sup>)**.
  - **Product market efficiency (50.4, 101<sup>st</sup>)** is undermined by a **lack of trade openness (43.9, 131<sup>st</sup>)**.
  - The labour market is characterized by a **lack of worker rights’ protections**, insufficiently developed active labour market policies and critically low participation of women (ratio of female workers to male workers of 0.26, 128<sup>th</sup>)

- In South Asia, **Sri Lanka is the most improved country in the region at 84<sup>th</sup>**, Bangladesh (105<sup>th</sup>), Nepal (108<sup>th</sup>) and Pakistan (110<sup>th</sup>).
- **China (28<sup>th</sup>)** is the **best performer** among the **BRICS** countries.  
The **Russian Federation** ranks **43<sup>rd</sup>**, **South Africa** is **60<sup>th</sup>**, **India** is **68<sup>th</sup>** and **Brazil** is ranked **71<sup>st</sup>**.
- **Singapore** has become the **world's most competitive economy in 2019**, pushing the **US to second** place.  
**Hong Kong Special Administrative Region (SAR)** is ranked **3<sup>rd</sup>**, the **Netherlands** is **4<sup>th</sup>** and **Switzerland** is ranked **5<sup>th</sup>** in the index.
- **Vietnam (67<sup>th</sup>)** registered the highest improvement across the globe.

**Source: ET**