



Ease of Doing Business- 2020

 drishtiias.com/printpdf/ease-of-doing-business-2020

The **World Bank** recently released its **Ease of Doing Business Report, 2020**. The indicator measures the performance of countries across 10 different dimensions in the 12-month period ending May 1, 2019.

- According to the report, **New Zealand** retained its **1st position** whereas **Somalia** was ranked at **190th** spot.
- India was placed at **63rd** position this time (2019) out of 190 countries marking an **improvement of 14 places** from its 77th rank in 2018.
 - India's **score improved** from **67.23 (2019) to 71.0 (2020)**.
 - India for the third consecutive year was present in the list of 10 economies where the business climate has improved the most.
- The essential features of India's performance this year are:
 - India's ranking improved basically on **four parameters**:
 - **Starting a Business**- India made starting a business easier by fully integrating multiple application forms into a general incorporation form,
 - **Dealing with Construction Permits**- For example, building a warehouse cost around 4% of the warehouse value as compared to 5.7% in the previous year,
 - **Trading across Borders**- with a **single electronic platform**- improved electronic submission methods for documents and upgrades to port infrastructure, **import and export** process became easier, and
 - **Resolving Insolvency**- Recovery rate under resolving insolvency has improved significantly from 26.5% to 71.6%. Also, the time taken for resolving insolvency has also come down significantly from 4.3 years to 1.6 years.
 - India continues to maintain its **first position** among **South Asian countries**. It was 6th (in 2014).
 - The World Bank will now include **Kolkata and Bengaluru**, besides Delhi and Mumbai, for preparing ease of doing business report, in order to provide a holistic picture of the business environment of the country.

Ease of Doing Business Report

- The report was introduced in **2003** to provide an assessment of objective measures of business regulations and their enforcement across 190 economies on ten parameters affecting a business through its life cycle.
- The report measures the performance of countries across 10 different parameters namely-
 - Starting a Business,
 - Dealing with Construction permits,
 - Electricity availability,
 - Property registration,
 - Credit availability,
 - Protecting minority Investors,
 - Paying Taxes,
 - Trading across borders,
 - Contracts enforcement, and
 - Resolving Insolvency.
 - **This time two more parameters were considered namely, employing workers and contracting with the government but these are not included in the score and rankings.**
- It ranks countries on the basis of **Distance to Frontier (DTF)** score that highlights the gap of an economy with respect to the global best practice. For example, a score of 75 means an economy was 25 percentage points away from the frontier constructed from the best performances across all economies and across time.

Source: TH