



AN ANALYTICAL INVESTIGATION ON EASE OF DOING BUSINESS IN INDIA

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Abstract: *India, a nation of second largest population in the world is well becoming a largest nation in creating entrepreneurs. The creation of entrepreneurs depends upon the Doing Business policies, procedures and regulations. A business-friendly ecosystem is a pre-requisite for the growth and development of a nation. By considering the indicators of doing business namely- starting a business, getting electricity, dealing with construction permits, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency and labor market regulation, this paper analytically investigate on ease of doing business in compliance with relevant regulations and procedures. This study also investigate the measures taken by the government to accentuate ease of doing business. The policy reforms by Government will serve as an incubator to make entrepreneurship viral in the country. It requires committed effort of all supporting institutions and primarily entrepreneurship compliance.*

JEL classification: M13, O38, G38.

Key words: Business Regulations, Doing Business Indicators, DTF scores, Procedures, Rank.

1. INTRODUCTION

The ease of doing business is good for growth and development of a nation (Djankov et al., 2006; Gillanders and Whelan, 2010). Djankov et al. (2010) found a significant effect of time delays on trade. Some countries grow faster than others is one of the most important question in economics. Solving this puzzle has the obvious appeal of improving the living standards for



a significant proportion of the world population. Institutions are the major determinant of wealth and long-term growth (Hall and Jones, 1999; Acemoglu et al., 2001). The countries that had better political and economic institutions in the past are richer today.

In the present study, we have selected the variables which indicate the doing business environment of a country, particular in India. The World Bank maintain the Doing Business database and collect several information to determine the easiness of doing business. The indicators measure how these indicators help in creating business friendly environment.

In the present study, the overall level of business environment is indicated by an aggregate DTF score and explained how far behind India lags in creating business friendly environment. We then considered the components of each indicator to grasp the present status of concerned indicator which can be improved by increasing or decreasing the score of the components index (0-6, 0-12, Days, times etc.) which vary based on methodology. For example, for getting a registration it takes 145 days in 2014 is assumed to be improved if number of days decreases in the succeeding year.

1.1 Economic Overview

India, a nation of second largest population in the world is well becoming a largest nation in creating entrepreneurs. Entrepreneurs create an environment of employment generation through building new businesses and helps in the growth and development of an economy. India with 130th rank among 189 nations in Ease of Doing business, is really a big hurdle and negatively affect the growth and development of entrepreneurs and hence the economic growth. A lot of efforts are required to improve the growth and development of entrepreneurs in India. A business-friendly and favorable ecosystem is a pre-requisite for the growth and development of a nation. A favorable business environment makes a country to be an ideal hub for business destination.

The creation of entrepreneurs depends upon the Doing Business policies, procedures and regulatory measures provided in a country. The need to improve doing business polices and regulation is a need of the hour to compete with global economy. This is the reason why Ease of doing business is topic of discussion among researchers, corporates, and government



officials. In order to propel India's rank with world economy more emphasis must be given on structural reforms needed to boost up the productivity and enhance with stronger and more inclusive growth.

The World Bank group formulated the Ease of Doing Business Index (EODBI) to compare and analyse the business environment of different countries. The EODB index consists of 11 parameters also known as doing business indicators namely: starting a business, enforcing contracts, dealing with construction permits, getting electricity, registering property, getting credit, protecting investors, paying taxes, trading across borders, Resolving insolvency and labour market regulation. These parameters are considered to examine the Ease of Doing Business in any country. The EODBI is considered a reliable source of information on the business environment like regulation and laws, number of procedures, cost and time etc.

A brief overview about Indian Economy is given here as a prelude for Ease of Doing business in India.

Table 1.1 Economic Overview

Region	India
Income category	Lower middle income
Population	1,311,050,527
GNI per capita (US\$):	1,590 DB2017
DB Rank 2016:	131
DB Rank 2017:	130
DB 2017	DTF: 55.27
DB 2016	DTF: 53.93
Change in DTF	1.34

Source: Doing Business Database, World Bank Group

1.2. Ease of Doing Business Indicators

According to World Bank report, 2015 on Ease of doing business on the basis of 11 defined parameters, based on the data of two cities i.e. Delhi & Mumbai, India's ranking is given in the table 1.2.

**Table 1.2: India's Rank in Ease of Doing Business (2016-2017)**

Indicators	2016	2017
Starting a Business	151	155
Dealing with Construction Permits	184	185
Getting Electricity	51	26
Registering Property	140	138
Getting Credit	42	44
Protecting Minority Investors	10	13
Paying Taxes	172	172
Trading Across Borders	144	143
Enforcing Contracts	178	172
Resolving Insolvency	135	136
Overall Rank	131	130

Source: Doing Business Database, the World Bank Group

Table 1.2 clearly shows that out of 11 defined parameters, India is leaving far behind in all parameters except the parameters getting electricity, getting credit and protecting minority investors. To make our country super power, we have to acquire EODB rank less than 50.

Note- Labour market regulation is not mentioned in table 2.1 due to unavailability of data but discussed in the later part of the study.

1.2. Ease of Doing Business Across Indian States

With the support of World Bank group and KPMG, the Industrial Policy & Promotion (DIPP) under Ministry of Commerce and Industry assessed Indian States and UTs on 98-point action plan during January 1 to June 30 2015 and rank them according to the ease of doing business. The different levels of implementation status is calculated, converted into percentage, and ranked accordingly.

**Table 1.3: Ease of Doing Business across Indian States (union territories included) as on 2015**

State	Score	Rank	State	Score	Rank
Gujarat	71.14	1	Himachal Pradesh	23.95	17
Andhra Pradesh	70.12	2	Kerala	22.87	18
Jharkhand	63.09	3	Goa	21.74	19
Chhattisgarh	62.45	4	Puducherry	17.72	20
Madhya Pradesh	62	5	Bihar	16.41	21
Rajasthan	61.04	6	Assam	14.84	22
Odisha	52.12	7	Uttarakhand	13.36	23
Maharashtra	49.13	8	Chandigarh	10.04	24
Karnataka	48.5	9	Andaman and Nicobar	9.73	25
Uttar Pradesh	47.37	10	Tripura	9.29	26
West Bengal	46.9	11	Sikkim	7.23	27
Tamil Nadu	44.58	12	Mizoram	6.37	28
Telangana	42.45	13	Jammu and Kashmir	5.93	29
Haryana	40.66	14	Meghalaya	4.38	30
Delhi	37.35	15	Nagaland	3.41	31
Punjab	36.73	16	Arunachal Pradesh	1.23	32

Source: Survey done by World Bank Group and KMPG, 2015

Table 1.3 reports that out of 32 states, 6 states has secured score above 60%, 10 states below 50% but above 30% and 16 states has got less than 30%. It can be inferred from the above results that the attention of the government is required to the states and union territories like Chandigarh, Andaman Nicobar, Meghalaya, Nagaland, Arunachal Pradesh etc s secured very less percentage where doing business is difficult.

2. SIGNIFICANCE OF THE STUDY

The business regulations index is consistently positively correlated with growth (Djankov et al.; 2010). Countries with less burdensome business regulations grow faster and may have higher growth rates because of better business regulation. Hence, the government regulation of business can be considered an important determinant of growth.

So, it is the need of the hour to determine and assess the business environment in India. An assessment on doing business indicators will give an insight to the policy makers where



India need to improve.

3. OBJECTIVES OF THE STUDY

To investigate the status of Ease of Doing business in India -Component wise indicator.

To compare India among SAARC countries in Ease of Doing Business.

To suggest measures for improving Ease of Doing Business in India

4. DATA AND METHODOLOGY

The secondary data on Doing Business is collected through reports and website of Doing Business Database maintained by the World Bank Group. The data is expressed through graphical presentation, percentage, rank and CAGR.

5. RESULTS AND INTERPRETATION

Before describing the Indicators of Doing Business, it is important to understand the meaning of Distance to Frontier (DTF). The distance to frontier score assess the absolute level of regulatory performance of an economy over time. By measuring DTF score and comparing with the “frontier”, the best performance is observed. DTF score is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the frontier.

For example, a score of 85 in 2016 means an economy was 15 percentage points away from the frontier. For example, A score of 80 in 2015 and 90 in 2017 indicate the economy that has come down in 2015 and has improved in 2017.

5.1 Starting a business – Starting a business is an indicator which is measured by considering the paid-in minimum capital requirement, number of procedures, time and cost for a small- to medium-sized business units.

The DTF score to this indicator is highlighted in the figure 1. The DTF score from 2004-17 shows the upward moving trend which indicates that overall position of the indicator for starting a business is improving. The overall ranking of starting a business has improved from 155 in 2016 to 151 in 2017. (Table 5.1)

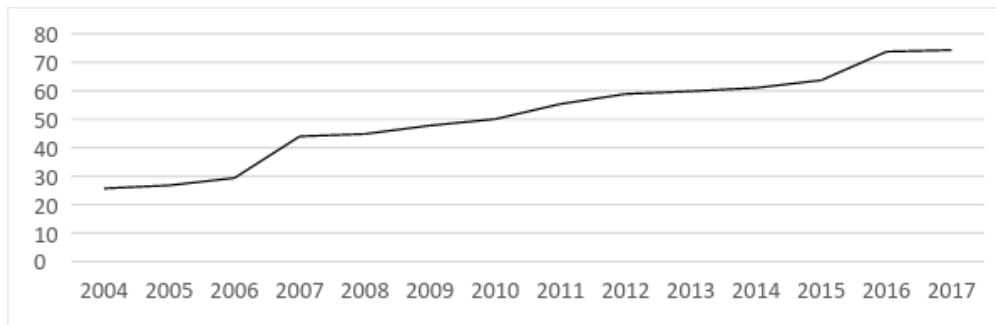


Figure1: Starting a Business-DTF

Table 5.1: Measures of Starting a Business

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Measures														
Rank	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	155	151
Procedure (No.'s)	13	13	13	13	15	15	15	14	14	14	13.5	13.9	12.9	12.9
Time (Days)	123	123	93	36	34	32	32	30	30	28	31.2	33.5	28	26
Cost (% of income per capita)	53.4	49.5	62	78.4	74.6	70.1	66.1	50.5	42	43.1	41.2	16.2	14.3	13.8
Capital (% of income per capita)	428	390.1	352.1	314.4	269.5	239.4	210.9	188.8	149.6	140.1	124.4	111.2	NA	NA

Source: *Doing Business Database*

It is inferred from the table 5.1 that during the period of 2004-2007, there were 13 procedures which was increased to 15 in 2008-2010. The current status regarding the number of procedure has been improved and reduced to 12.9. A dramatic change could be seen in time slot (days) required to start a business from 2004-2007. It was 123 days in 2004 which has improved to 36 in 2007 and currently, it is 26 days are required to start a business in 2017. There is decreasing trend in cost to start a business. At present, an individual can start a business by spending 13.8 percentage of per capita income. The minimum capital requirement for starting a business since 2004 to 2015 has continuously improved and from 206-17, minimum capital requirement has been removed.

It is inferred that the component of starting a business considered in this study have contributed the improvement as per DTF score.

5.2. Getting electricity- Infrastructure services (or lack thereof) are a major concern for businesses around the globe. Unreliable supply of electricity with high tariffs can be hurdles to



entrepreneurial activity. According to the survey data of World Bank Enterprise, 2016 for 139 economies, electricity services were the third biggest obstacles to the daily business activities. Getting electricity is an indicator which assess the efficiency of connection process, procedures, time and cost involved to obtain permanent electricity connection for a newly established businesses.

The DTF score to this indicator is highlighted in the figure 2. The DTF score from 2010-17 has increased over the period but there was breakdown during the period of 2014-15 and again it get improved. The overall rank of getting electricity for business in India was 51 in 2016 which has improved a lot and jumped to 26 in 2017. (Table 5.2)

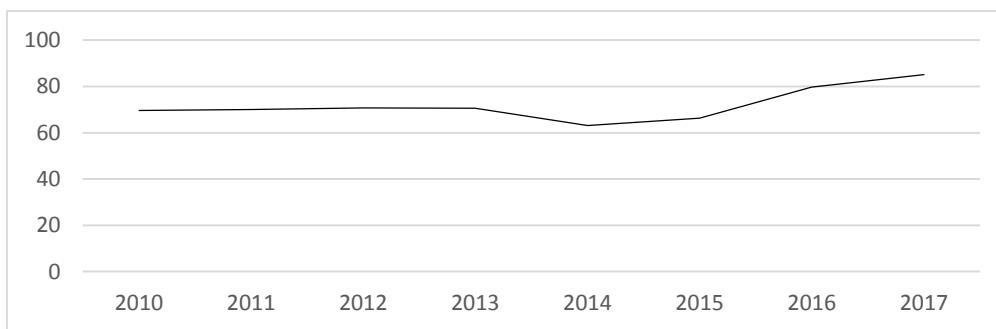


Figure 2: Getting Electricity-DTF

Table 5.2: Measures of Getting Electricity

Year	2010	2011	2012	2013	2014	2015	2016	2017
Measures								
Rank	NA	NA	NA	NA	NA	NA	51	26
Procedures (number)	7	7	7	7	7	7	5	5
Time (days)	60	60	60	60	101.8	101.8	86.2	45.9
Cost (% of income per capita)	506.4	400.6	216.2	247.3	611.6	487.7	442.3	133.2

Source: Doing Business Database, World Bank group

The table 5.2 reports the various components of the indicator getting electricity from the year 2010-17. The number of procedures for getting electricity was 7 from 2010-2015 which was improved to 5 during 2016-17. There is improvement in number of days for getting electricity. At present getting electricity is required 45 days which further need improvement. The cost for



getting electricity also shows improvement.

It is inferred that the component of getting electricity considered in this study have contributed the improvement as per DTF score but there was structural change in the year 2014 when the time and cost for getting electricity was increased.

5.3 Dealing with Construction permit: Dealing with construction permit is an indicator which record the procedures, licenses and permits, time and cost involved to build a warehouse. In addition, it also measures the quality control, regulations, strength, safety mechanism, liability and insurance regimes, and professional certification requirements for building a warehouse.

The DTF score to this indicator is highlighted in the figure 3. The DTF score from 2006-17 has increased over the period but there was breakdown in the year 2014 and again it get improved. The overall rank for dealing with construction permits in India was 184 in 2016 and shifted to 185 in 2017. (Table: 5.3)

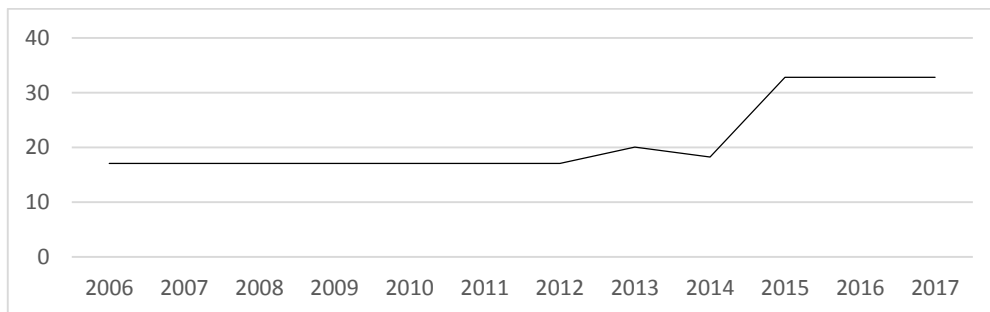


Figure 3: Dealing with Construction Permits-DTF

Table 5.3: Measures of Dealing with Construction Permits

Measures	Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Rank		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	184	185
Procedures (number)		42	42	42	42	42	42	42	42	35.1	35.1	35.1	35.1
Time (days)		195	195	195	195	195	195	195	164	190	190	190	190
Cost (% of warehouse value)		83.6	77.8	66.7	59.2	52.2	46.7	37	34.7	32.2	29	26.5	25.9



Table 5.3 reports that there is no change in the procedure number and number of days required for in dealing with construction permit. There is continuous improvement in the cost on dealing with construction permit. However, the overall rank is poor and increased from 184 in 2016 to 185 which is very high compared to the world economy.

It is inferred that the component of dealing with construction permits considered in this study have contributed the improvement as per DTF score but there was structural change in the year 2014 when the time for dealing with construction permit has increased.

5.4 Trading Across Border – Accessing international markets is crucial to economies especially the developing ones like India, uniquely affected by trade policy. Trading across borders is a precarious channel for knowledge transmission but improves the capital intensity and economic growth. The participation of domestic firms in international markets shall improve the growth of the firms faster than firms that sell their products domestically. Trading across border is an indicator which records the time and cost associated with the process of export and import goods, and the time and cost (excluding tariffs) associated with documentary and border compliance and domestic transport.

The DTF score to this indicator is highlighted in the figure 4. The DTF score is at high level during the period of 2009-14, which was and is low before and after that period. The overall rank for Trading across border in India is 143 in 2017. (Table: 5.4)

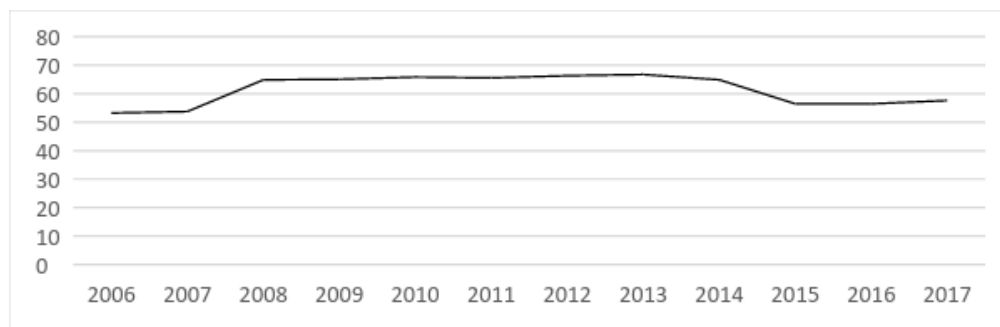


Figure 4: Trading Across Borders-DTF

**Table 5.4 : Measures of Trading Across Borders**

Measures	Year	2015	2016	2017
Rank			144	143
Border compliance	Time to export (Hrs)	106	109	109
	Cost to export (USD)	413	413	413
	Time to import (Hrs)	283	287	287
	Cost to import (USD)	574	574	574
Documentary Compliance	Time to export (Hrs)	38	41	41
	Cost to export (USD)	92	102	102
	Time to import (Hrs)	61	63	63
	Cost to import (USD)	135	145	145

Source: Doing Business Database, World Bank group

It is inferred from the table 5.4 that the components considered for the indicator trading across border in this study have not contributed the improvement as per DTF score and need to soften the policies for import and export formalities.

5.5 Paying taxes- The taxation policies has direct effect on investment and growth of the small firms as amount spend on paying taxes can be sufficient for meeting working capital requirement. Economies ranked better on paying taxes tend to perceive both tax rates and tax administration as less of an obstacle to business firms which often receive large amounts of external funding to meet their needs. Paying taxes measure the administrative burden in paying taxes and contributions by recording the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year.

The DTF score to this indicator is highlighted in the figure 5. The DTF score of paying taxes is very far from the Frontier (100). The period of 2012-15 shows the improvement in DTF score which starts declining in 2016 -17. The overall rank in paying taxes is 172 in 2016-17 which is very high. (Table: 5.5)

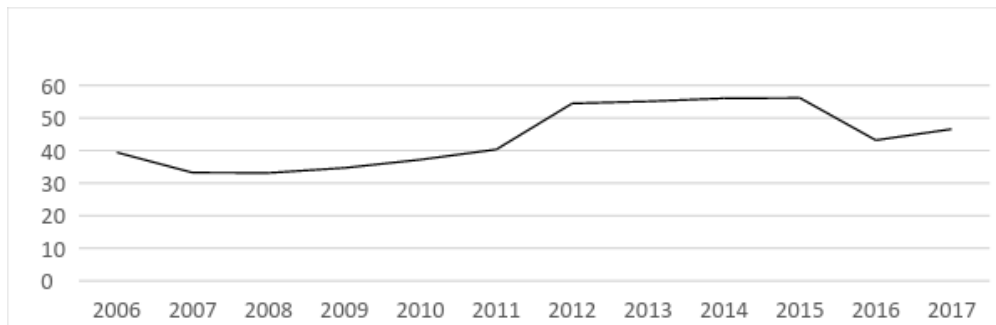


Figure 5- Paying Taxes-DTF

Table 5.5: Measures of Paying Taxes

Measures	Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Rank												172	172
Payments (No. per year)		55	58	59	59	59	56	33	33	33	33	33	25
Time (Hrs per year)		264	264	271	271	271	258	254	243	243	243	243	241
Total tax rate (% of profit)		66.6	74	72.7	70.3	66	64.7	62.6	62.5	60.8	60.6	60.6	60.6
Postfiling index (0-100)												4.3	4.3

Source: Doing Business Database, World Bank group

The table 5.5 reports that number of tax payments per year has improved continuously during 2006-11 but a very slow rate. Since 2012, there is a great change in the number of payments which has been decreased from 56 to 33. At present, 25 number of payments is required per year which is also very high and need improvement as compared to the other nation. The total tax rate was 66.6 percent of profit in the year 2006 and continuously increased till 2009. From 2010, total tax rate starts declining and reached to 60.6% which is still very and need improvement. The new indicator post-filing index introduced by doing business database in order to determine the overall Paying Taxes ranking. Higher the index, better the economy. India lags very far in post-filing index.

It is inferred that the components considered for the indicator paying taxes in this study have contributed the improvement as per DTF score during the period of 2012-15 and after that which starts decreasing.

5.6 Protecting minority investors- Protecting minority investors is an important issue as some company insiders use corporate assets for personal gain. Transactions like party-related are the most common example.



Protecting minority investors is an indicator which measures the strength, rights, governance, corporate transparency etc. to reduce the risk of abuse.

The DTF score to this indicator is highlighted in the figure 6. The DTF score of protecting minority investors has been improved continuously from 2006-17. India is just 26.33% away from the frontier (100). The overall rank protecting minority investors was 10 in 2016 which increased to 13 in 2017 (Table: 5.6).

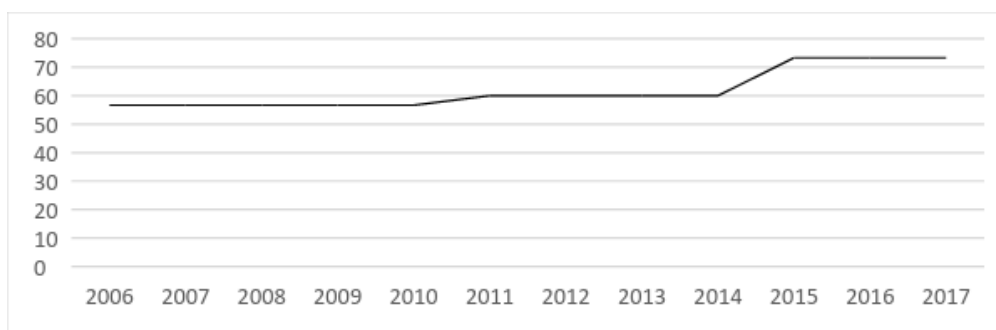


Figure 6: Protecting Minority Investors-DTF

Table 5.6: Measures of Protecting minority investors

Measures	Year	2014	2015	2016	2017
Rank		NA	NA	10	13
Strength of minority investor protection index (0-10)		6.5	7.3	7.3	7.3
Extent of conflict of interest regulation index (0-10)		5.7	6.7	6.7	6.7
Ease of shareholder suits index (0-10)		7	7	7	7
Extent of shareholder governance index (0-10)		7.3	8	8	8
Extent of shareholder rights index (0-10)		8	10	10	10
Extent of ownership and control index (0-10)		8	8	8	8
Extent of corporate transparency index (0-10)		6	6	6	6

Source: Doing Business Database, World Bank Group

Table 5.6 reports the various components of the indicator protecting minority investors from 2014-17. The overall components of protecting minority investors are at satisfactory level.

It is inferred that the components considered in this study for the indicator protecting minority investors have contributed the improvement as per DTF score during the period of 2014-17.



5.7 Registering property- Property rights are necessary to nourish investment, productivity and growth. The economies around the world evident that property owners with registered titles are more likely to invest. They also have a better chance of getting credit and loans by using their property as collateral.

Registering property is an indicator which measures the time and cost involved in registering property by assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of dispute. It also measures the quality of the land administration consists of reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights in a particular economy. The DTF score to this indicator is highlighted in the figure 7. Since 2005, the DTF score has been improved till 2013 and reached 60.13 which was the highest after a decade. It starts decreasing from 2014 and reached at 50 in 2017. The overall rank for registering property was 140 in 2016 which has improved to 138 in 2017 (Table: 5.7).

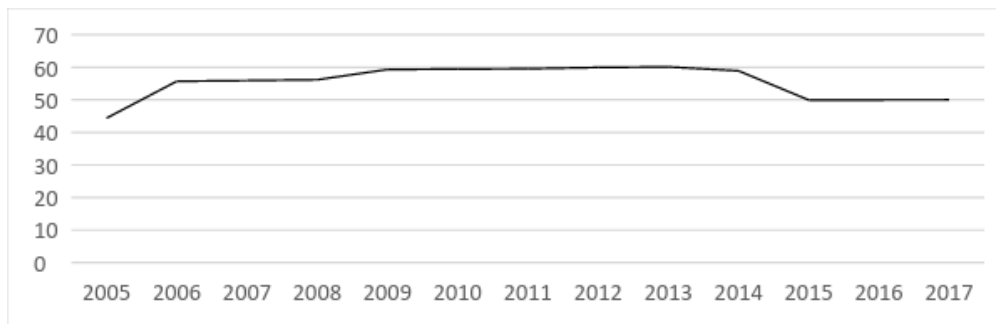


Figure 7: Registering Property-DTF

Table 5.7: Measures of Registering property

Measures	Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Rank		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	140	138
Procedures (number)		7	7	7	7	7	7	7	7	7	7	7	7	7
Time (days)		64	64	64	64	47	47	47	47	47	47	46.8	46.8	46.8
Cost (% of property value)		13	7.9	7.8	7.7	7.5	7.4	7.4	7.2	7.1	7.7	7.7	7.7	7.7
Quality of the land administration index (0-30)		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	7	7	7
Equal access to property rights index (-2-0)		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	-1	0

Table 5.7 reports that there is improvement in the overall rank for registering property. There is no change in number of procedures. However the time and cost requirement for registering a



property has been improved. The quality of land and equal access to property is far from 30 which need improvement but equal access to property index has improved.

It is inferred that the components considered in this study for the indicator registering property have contributed the improvement as per DTF score during the period of 2005-17.

5.8 Getting credit- To facilitate lending it is important to provide the borrowers and lenders with secured transaction and bankruptcy laws. The lenders feel uncomfortable and unwilling to provide credit if there is no guarantee. The lenders can enforce their rights and collect debt by repossessing collateral in case borrowers unable to repay his debts.

Getting credit is an indicator measures the strength and effectiveness of credit reporting systems, and collateral and bankruptcy laws to smooth lending.

The DTF score to this indicator is highlighted in the figure 8. The DTF score of getting credit was very poor in the year 2005-06 which tends to increase from 2007 and has been improved a lot from till 2013. Since, 2014 it again starts decreasing which is not good for the small and medium size enterprise. The overall rank of getting credit has been increased from 42 in the year 2016 to 44 in 2017. (Table 5.8).

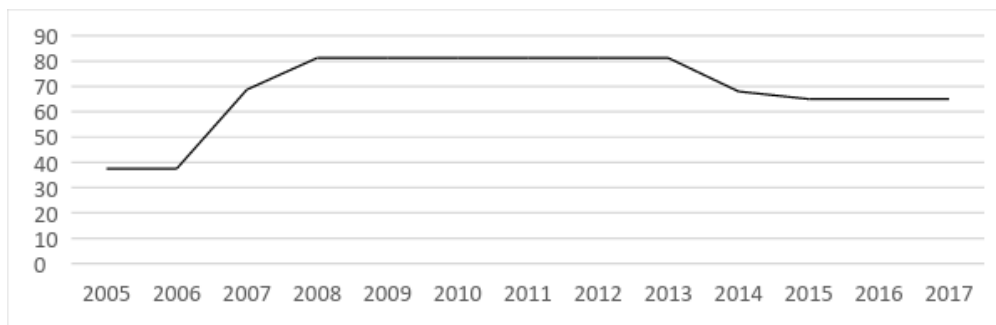


Figure 8- Getting Credit-DTF

Table 5.8 reports that the strength of legal right index is at medium level while the depth of credit information index is excellent. Since 2006, the credit bureau coverage has been continuously improved till 2015 which was dropped by .4 and .6 in 2016 and 17 respectively.

It is inferred that the components considered in this study for the indicator getting credit have



contributed the improvement as per DTF score during the period of 2007-13.

Table 5.8: Measures of Getting Credit

Measures	Year													
Rank	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
Strength of legal rights index	New Methodology (0-12)										6	6	6	6
	6	6	7	8	8	8	8	8	8	8	5.9	Old Methodology (0-10)		
Depth of credit information index	New Methodology (0-8)										7	7	7	7
	NA	NA	4	5	5	5	5	5	5	5	5	Old Methodology (0-6)		
Credit bureau coverage (% of adults)	NA	1.7	6.1	10.8	10.5	10.2	10	15.1	14.9	19.8	22.4	22	21.4	

5.9 Resolving insolvency- A good bankruptcy system possess the feasible businesses operation, is amid the most vital aims of bankruptcy systems. A good insolvency regime constrain impulsive bankruptcy of viable businesses. It also inhibit the lenders from supplying high-risk or imprudent and other reckless financial decisions by managers and shareholders.

Resolving insolvency is an indicator which measures flaws in existing insolvency law and the main bureaucratic and administrative bottlenecks in the insolvency process.

The DTF score to this indicator is highlighted in the figure 9. The DTF score of Resolving Insolvency has been improved but with very slow rate. The leas DTF score is found for the year 2009 and 2010. Since, 2014 the DTF score has improved and is at the highest in 2017. The overall rank of getting credit has been increased from 135 in the year 2016 to 136 in 2017. (Table 5.9).

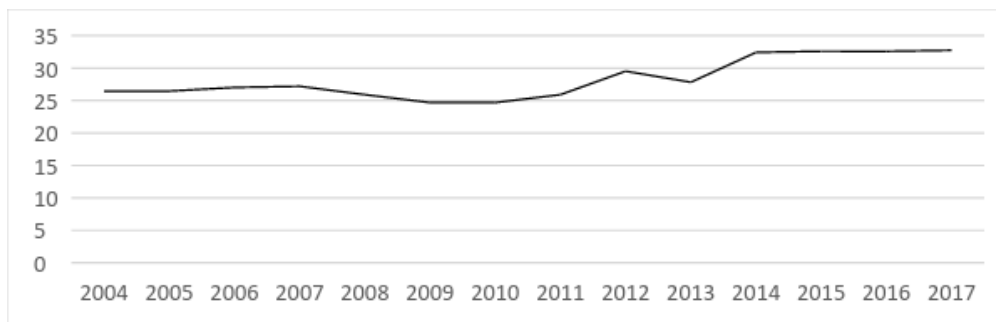


Figure 9: Resolving Insolvency-DTF

**Table 5.9: Measure of Resolving Insolvency**

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Measures														
Rank													135	136
Recovery rate (cents dollar)	24.5	24.6	25.1	25.3	24.1	22.9	22.9	24.1	27.4	25.9	25.4	25.7	25.7	26
Time (years)											4.3	4.3	4.3	4.3
Cost (% of estate)	9	9	9	9	9	9	9	9	9	9	9	9	9	9
Strength of insolvency framework index (0-16)													6	6

There is not much improvement in the recovery rate. It was 24.5% in 2004 and with several ups and downs it reached to 25.9% in the year 2013. There is .1% improvement in the year 2017 when compare to year 2013 and .3% when compared to the last year 2016 and lags far behind in the strength of insolvency framework index.

It is inferred that the components considered in this study for the indicator resolving insolvency have contributed the improvement as per DTF score during the period of 2004-17.

5.10 Enforcing contracts- Effective enforcing contract is crucial for economic development and sustained growth. Economic and social progress cannot be accomplished without respect for the rule of law. Economies with more efficient judiciary system have more developed credit markets and a higher level of development. A stronger judiciary system enhance the growth of small firms by improving the business climate like fostering innovation and securing tax revenues.

The enforcing contracts is an indicator which measures the time and cost involved in resolving a commercial dispute through a local court. It also evaluate the quality of judicial processes index, whether has adopted the good practices which can promote the quality and efficiency of the court system.

The DTF score to this indicator is highlighted in the figure 10. The DTF score of Enforcing Contracts is at constant level since 2004 and starts moving up after a decade. The DTF score has improved in the year. The period 2015-17 shows the highest DTF score. The overall rank



of Enforcing Contracts has improved from 178 in the year 2016 to 172 in 2017. (Table 5.10).

The DTF score shows the poor rating of enforcing contracts which is 64.81% away from the frontier.

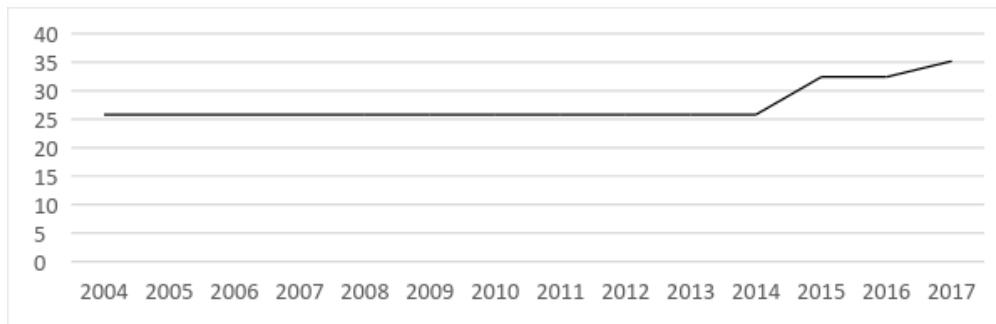


Figure 10: Enforcing Contracts-DTF

Table 5.10: Measure of Enforcing Contracts

Measures	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Rank	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	178	172
Time (days)	1420	1420	1420	1420	1420	1420	1420	1420	1420	1420	1420	1420	1420	1420
Cost (% of claim)	39.6	39.6	39.6	39.6	39.6	39.6	39.6	39.6	39.6	39.6	39.6	39.6	39.6	39.6
Quality of judicial processes index (0-18)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	7.5	7.5	9

The components time and cost required in resolving disputes is constant from 2004-2017. However, the quality of judicial process index shows improvement but very far from 18. It is inferred that the components considered in this study for the indicator enforcing contract getting have contributed the improvement as per DTF score during the period of 2004-17.

5.11 Labor market regulation- Labour market is an indicator which reflects several aspects of labor market regulation – hiring, working hours, redundancy rules and cost as well as a number of job quality aspects (such as the availability of unemployment protection, maternity leave and gender non-discrimination at the workplace).

Some important factors are considered in this study to reflect the Labour Market Regulation are shown in the table 5.11.

**Table 5.11: Measure of Labour Market Regulation (Based on Delhi)**

Measures	Year			
	2017	2016	2015	2014
Fixed-term contracts prohibited for permanent tasks?	No	No	No	No
Maximum length of a single fixed-term contract (months)	No limit	No limit	No limit	No limit
Maximum length of fixed-term contracts	No limit	No limit	No limit	No limit
Mini. wage applicable to the worker (US\$/month)	180.7	179.14	181.1	197.6
Ratio of minimum wage to value added per worker	0.89	.88	.91	1.01
Standard Work day	6	9	9	9

Source: Doing Business Database, World Bank Group

The standard work day is 9 with minimum wage of 197.6 US dollar per month in the year 2014. In the year 2015 and 2016 standard work day is 9, same of the year 2014 but the minimum wage per month has decreased. There is decrease in standard work day but the minimum wage applicable to worker in the year 2017 has increased compare to the year 2016, but still less as compared to 2014.

6. EASE OF DOING BUSINESS ACROSS SAARC COUNTRIES

The South Asian Association for Regional Cooperation (SAARC) is an economic and political organization of eight countries namely Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka in Southern Asia. In the present study, Indian economy is compared with the economies of SAARC nations as these are the neighboring countries and also have emerging economy like India So, ease of doing business is comparable across countries.

Table 6.1: Ease of Doing Business in SAARC Countries

Economies	Distance to Frontier Score (DTF Score)								
	2010	2011	2012	2013	2014	2015	2016	2017	CAGR
Afghanistan	40.14	37.41	39.73	40.20	40.78	40.50	38.42	38.10	4.67
Bangladesh	45.32	47.88	45.38	44.93	45.81	40.69	40.71	40.86	9.49
Bhutan	56.58	55.98	58.87	59.32	60.31	64.78	65.35	65.37	-11.87
India	48.77	50.09	52.41	52.74	50.34	52.87	53.93	55.27	-10.37
Maldives	59.28	63.58	66.30	64.34	62.56	54.48	53.99	53.94	8.61
Nepal	60.43	58.13	59.56	60.10	60.89	60.07	59.36	58.88	2.30
Pakistan	52.33	52.93	54.11	53.95	55.35	50.19	49.48	51.77	0.95
Sri Lanka	56.90	55.88	56.96	60.86	61.38	56.82	58.14	58.79	-2.82

Source: Doing Business Database, World Bank group

**Table 6.2: Percentage of Overall DTF score**

Economies	Percentage	Rank
Bhutan	60.82	1
Maldives	59.81	2
Nepal	59.68	3
Sri Lanka	58.22	4
Pakistan	52.51	5
India	52.05	6
Bangladesh	43.95	7
Afghanistan	39.41	8

Table 6.1 shows the DTF score of SAARC Countries from 2010 to 2017. Table 6.2 shows the rank calculated by taking the percentage of overall DTF score from 2010-17 across SAARC Countries

The DTF score of India is continuously increasing from 2010-17 except the fallout in the year 2014. There is slight improvement in the year 2017. According to our study, India is 47.95% away from the Frontier and ranked 6th in ease of doing business among SAARC Countries. It shows that India has to put rigorous efforts to gain DTF score and secure better rank in Ease of Doing Business. Among the SAARC countries DTF scores of Bhutan, Pakistan, Maldives, and India is consistently increasing. However, Nepal, Sri Lanka and Bangladesh have continuous decrease in DTF scores. The DTF score of Bangladesh has continuously decreased with the exception of the year 2011 and 2014. Bangladesh is 56.05 % away from the Frontier and ranked 7th in ease of doing business among SAARC Countries. However, the CAGR shows that Bangladesh (9.49 %) is moving at fast rate towards the frontier which is followed by Maldives (8.61%). Afghanistan (4.67%), Nepal (2.30%) and Pakistan (0.95%) shows the positive movement towards frontier but at a very slow rate. On the other hand, Bhutan (-11.87%) and India (-10.37%) are moving at a fast rate in the opposite direction to the frontier followed by Srilanka (-2.82%).

In conclusion, the countries which are moving in the positive direction towards the frontier indicates that the doing business in these countries would be easier than the countries which are moving positively towards the frontier but at slow rate. The countries like Bhutan and India



which shows the negative growth towards the frontier indicates that doing business policies are very strict and the entrepreneurs in these countries would face big difficulties in setting up a new business.

7. CONCLUSION

The creation of entrepreneurs depends upon the Doing Business policies, procedures and regulatory measures provided in a country. The need to improve doing business policies and regulation is the need of the hour to compete with global economy. This is the reason why Ease of doing business is a topic of discussion among researchers, corporates, and government officials. India ranked 130 globally, which is very high. In order to propel India's rank with world economy more emphasis must be given on structural reforms and business policies, needed to compliance with business growth and boost up the productivity and enhance with stronger and more inclusive growth. Although, government has taken various steps to improve the ease of doing business in India like regulatory services through online portal called eBiz, simplification of application form, withdrawal of the requirement of minimum paid-up capital and common seal, single-step incorporation of companies, integration of 14 government services on an online single-window portal, reduction in number of forms from 7-9 to 3 for export and import, increase in the validity of industrial license from 2 year to 3 years and treatment of partial commencement of production as commencement of production etc. In addition, the government initiatives like formation of Micro Units Development Refinance Agency (MUDRA) Bank for the SME sector, Entrepreneurship skill development with the departments of MSME (Ministry of Micro, Small & Medium Enterprises), under the scope of National Skill Development Agency, establishment of Venture capital Fund for SMEs and MSMEs, initiation of District level Incubators and Accelerator Programme, Legal and friendly bankruptcy framework for SMEs to enable easy exit and SETU (Self-Employment and Talent Utilization) approach to strengthen all prospects of startups, and other self-employment initiatives, especially in technology-driven areas. These will foster the entrepreneurship in India at faster rate.



However, the parameters like starting a Business, Dealing with Construction permit, Trading across Borders, Paying, and Registering property which are above 100 in global rank, cannot be ignored. The government is required to follow the practices of the countries scoring good ranks in order to make India a developed nation. The study suggest the government to design the business survival and growth models and create a business friendly environment which encourage the young generation to build their own business rather than job seeker. The DTF scoring pattern and measures used in it have to be propagated at all levels to enrich high degree of awareness and compliance. This will ensure the ease of doing business in the real sense and enhance the strength of India.

Although, the EODB indicators can help the new business entrepreneurs in formulating the business models according to the regulation and business environment fetched through, both the indicator as well as the methodology have been criticized by the legal experts and economists (Roham et al.,2009)

7.1 Limitations and scope for further study

Since, the present study is a conceptual framework and the description of doing business indicators along with the status how ease is doing business in India and in the SAARC countries. The further research can be conducted by determining the impact of doing business indicators on the growth of startups i.e. what impact these factors have in setting up a new business. The increase in the DTF score indicates the improvement and hence a positive relationship can be establish between EODB indicators and growth of startups. Similarly, positive growth rate of startups will create positive relationship with GDP, which can be tested by using multiple regression. Furthermore, an empirical exploration can also made on EODB indicators that can motivate the investors like venture capital funds to invest in the business which can easily meet the legal formalities in the formation of a business.

In other words, Higher the DTF score, easier the legal formalities; easier the legal formalities, higher the contribution of investors in establishing in new firms and finally increase in the GDP. This relationship can be establish in future research.



CONFLICTS OF INTEREST AND PLAGIARISM: The authors declare no conflict of interest and plagiarism.

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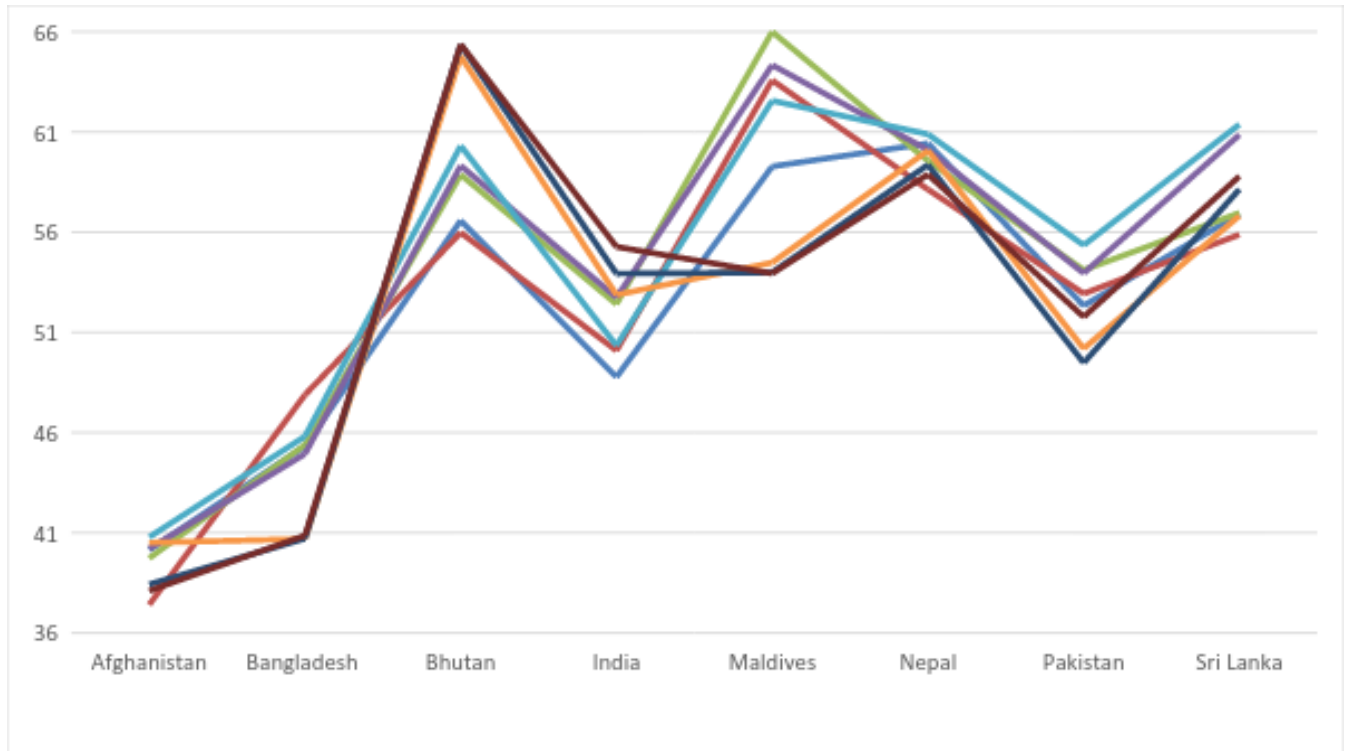


FIG: 11 DTF SCORE-SAARC COUNTRIES