

**EASE OF DOING BUSINESS IN INDIA – ANALYSIS OF EFFECTIVENESS OF GOVERNMENT INITIATIVES**

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**Abstract**

The Ease of Doing Business (EODB) index is a ranking system. It is established by the World Bank Group. In this index, higher rankings represent a lower numerical value, based upon parameters indicating that the regulatory environment is more conducive for starting and operating of businesses enterprises. Out of 190 countries, India was ranked 134<sup>th</sup> in 2015, which improved to 131<sup>st</sup> in 2016 and 130<sup>th</sup> in 2017.

Recently, Government of India has taken major initiatives towards an ambitious plan of getting into top 50 ranks by 2020. Various regulatory reforms are being implemented in respect of parameters, where India is lagging behind.

This paper aims at analysing the effectiveness of these initiatives. For this purpose, a survey was conducted to understand the perception about the success of measures taken to enhance the ease of doing business in India. The data analysed was collected through a structured questionnaire. To supplement these findings, secondary data was also analysed in the form of published reports,

research papers, etc.

The outcome of the research, while acknowledging the efforts of the Indian government to bring about a transformation in the regulatory environment of business, will also point out areas where more effort is needed.

Key words:

Ease-of-doing-business, Effectiveness, Regulatory, Government Initiatives, Ranking

### **INTRODUCTION:**

The Doing Business project of the World Bank launched in 2002, objectively measures business regulations and their enforcement across 190 countries. It considers certain selected cities at the subnational and regional level. It primarily looks at small and medium-size companies in each country.

This project encourages competition amongst various countries for increasing the efficiency of their regulation. It also provides benchmarks for regulatory reform and research resources.

By providing data, rank, and reform recommendations, it helps to improve performance. The business regulation can be compared across cities, regions, or 190 countries ranked under the project.

The 2017 report covers 11 indicators and 190 countries. Most indicators cover the largest business city of each economy. For 11 countries having a population of more than 100 million, the report also considers data for the second largest business city. For India it covers Mumbai and Delhi.

The ranking is based on the average of ten areas such as electricity, starting a business, dealing with construction permits, registration of property, investor protection, taxes, credit availability, across border trading, debt contract and insolvency. India's ranking on "getting electricity" has improved from 51 in 2015 to 26 in 2016. In case of 'protecting minority investors interests', we rank 10<sup>th</sup> in 190 countries.

In most of the other parameters, India's ranking leaves much to be desired.

### **ORGANIZATION OF THE PAPER**

This paper is organised as under:

#### **Part A: Analytical Study of Indian government reforms / initiatives**

This contains topic wise (10 topics as per the "Doing Business" ranking by World Bank) exploratory study with reference to the reforms undertaken / initiatives taken by the Government of India under each topic.

#### **Part B: Survey on perception about effectiveness of government reforms / initiatives**

This contains reports and analysis of the survey undertaken to collect primary data in respect of the perception about the effectiveness or otherwise of government of India initiatives, to enhance the ease of doing business in India, with reference to world bank parameters and, inter alia, new

Indian startups.

### **OBJECTIVES**

1. To analyse the effectiveness of Indian government initiatives for improving the ease of doing business.
2. To conduct a survey to understand the perception about the effectiveness or otherwise of Government of India initiatives to enhance the ease of doing business in India.

### **RESEARCH DESIGN / METHODOLOGY**

This paper analyses the effectiveness of Government of India initiatives for enhancing the ease of doing business, through an exploratory study of the Indian government reforms / initiatives with reference to the various criteria used by World Bank.

The research design and methodology of the perception based survey is discussed in Part B of this paper.

### **LITERATURE REVIEW**

The literature reviewed is mainly authoritative pronouncements, from the World Bank, including reports and analysis from appropriate government departments / agencies. Some relevant professional publications / articles were also reviewed.

The World Bank, (2017), "DOING BUSINESS Measuring Business Regulations, Economy Rankings" report ranks economies on "ease of doing business" as of June 2017. A higher rank indicates the greater conduciveness of the regulatory environment in that economy for start-ups and running businesses. Ten topics with equal weight are considered to decide the rankings, each consisting of several indicators. The methodology is explained in detail. The 'distance to frontier' score indicates the 'distance' between the performance of an economy and the benchmark (best performance at any point in time).

Ease of Doing Business in India is another publication from the World Bank, (2017), linked with "DOING BUSINESS Measuring Business Regulations", giving details of how India is ranked in each of the ten topics together with detailed explanation of all parameters and indicators.

SPICE (Simplified Per forma for Incorporating Company electronically) press release from the Indian Ministry of Company Affairs, gives details of recent comprehensive simplification and digitisation of company formation procedures.

In an article dated 6 July 2015 "India: Companies (Amendment) Act, 2015: Key Highlights", advocates Narsana, Dwiwedi and Govil have detailed the company law amendments simplifying company formation in India.

'Ease of Doing Business – Getting electricity' gives details of regulatory reforms by Central Electricity authority and state agencies.

Rajul Avasthi, Senior Taxation Specialist at The World Bank, in his article in "The Wire", of 07<sup>th</sup> November 2016, titled "Ease of Doing Business and Paying taxes: How to Jump a Hundred

Positions On the World Bank's Rankings", gives very constructive and fruitful suggestions for tax reforms in India, some of which are already under way in the form of GST implementation and other reforms by way of further digitisation of tax procedures.

Dipak Mondal's article: "Six Major Govt Initiatives to Improve Ease of Doing Business" in Business Today of July 19, 2016, takes note of the major initiatives by the Indian Government to bring in necessary reforms in the ease of doing business in India.

"Ease of Doing Business", a separate webpage on the "Make in India" website of the government of India, gives detailed information on central govt. initiatives and state government reforms.

Gautam Chikermame, in his article "Impact of GST on doing business will show up in 2019 rankings" (May 30, 2017) after a detailed analysis of the tax system in India, makes the prediction that the effect of tax reforms will be reflected only in 2019 rankings.

Raymond Zhong & Rajesh Roy in their article "Why India Isn't Climbing Ease of Doing Business Ranking despite Efforts" in The Wall Street Journal, (Oct 26, 2016) look sceptically at the ground reality in India. Similar but stronger criticism and scepticism is evident from Amitabh Dubey's article in "The Wire" of 5<sup>th</sup> July 2017.

Improvements in "enforcing contracts" are studied from the webpage of Depart of industrial Policy and Promotion under the Indian Ministry of Commerce and Industry.

Dr Sunil Gupta, Former Director of PNB and Dena Bank, in his article "India and the Ease of Doing Business" dated December 29, 2016 on India Info line website gives detailed insights and explanation about the ranking process and India's current position.

## **PART A: ANALYTICAL STUDY OF INDIAN GOVERNMENT REFORMS / INITIATIVES**

### **Topic Wise Review of Major Government Initiatives**

The government of India, particularly from 2014, has taken various policy initiatives and is rigorously implementing them to enhance the Ease of Doing Business (EODB) in India.

#### **Starting a business**

Company Law reforms:

1. For Incorporation of a new company, 5 different services can be availed in one SPICe form INC-32: The Memorandum and Articles of Association may be e-filed. There is no need for reserving a name before filing SPICe. One name for the proposed company can be applied for.

A company can be registered within 1-2 working days in India as against 10 in December 2014 and 5 in December 2015

2. The requirement of common seal is made optional, on certain conditions.
  3. Minimum paid-up share capital requirement - Rs.100,000 (for a private company and Rs. 500,000 for a public company is removed by Companies (Amendment) Act, 2015.
- Integration of processes through eBiz portal:

The eBiz portal of the Department of Industrial Policy and Promotion (DIPP) is a radical shift in providing services to business community. Entrepreneurs can apply/manage all licenses, clearances, registrations/filings at one place. Going from department to department or waiting in line or hopping multiple websites is not required.

eBiz greatly reduces complexity and efforts in obtaining information / services. The eBiz platform integrates several G2B services. It caters to even non-corporate enterprises.

### **Dealing with construction permits**

In Delhi and Mumbai, fast track approval for building permits is introduced. It requires a common application form, digital signature. Scrutiny of building plans is done online.

The Municipal Corporation of Delhi has taken following initiatives:

1. Online Single Window System, integrated with all external agencies, for building plan approval. No separate applications are now required for NOCs and Inspections.
2. Uniform building bye laws, 2016 with deemed approval of building plans within 30 days.
3. Mandatory online Module for Addition/Alteration in existing residential properties
4. Elimination of many documents for sanctioning building plans.
5. Online Common Application Form for institutions.

### **Trading Across Borders**

1. The Central Board of Excise and Customs (CBEC) have implemented 'Indian Customs Single Window Project'. Single point electronic submission of customs clearance documents reduces cost of doing business, enhances transparency, and reduces duplicity and cost of compliance, leading to optimal manpower utilization.
2. Mandatory documents for import/export are reduced to three - Bill of Lading, Commercial Invoice cum Packing List and Bill of Entry (Shipping Bill).
3. Other initiatives: adoption of digital signature, 24/7 customs clearance, reducing/eliminating printouts in Customs Clearance and no MOT (Merchants Overtime Charges).

### **Enforcing Contracts**

1. Measures taken are: Commercial Courts, National Judicial Data Grid to simplify processes, establishment of commercial benches in High Courts for commercial cases.
2. Performance measurement reports are generated for monitoring of the procedural aspects.

3. Adjournments allowed only in rare cases, electronic case management tools, and financial incentives to attempt mediation/conciliation.

### **Getting Credit**

World Bank measures access to finance and improvements in its allocation through:

1. Legal rights of borrowers and lenders in security based transactions / bankruptcy laws
2. Coverage, scope and quality of credit information that can be accessed via credit registries and bureaus

India has made the following reforms in recent times:

1. Rule 4 of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (Central Registry) Amendment Rules, 2016 includes various aspects of mortgage, hypothecation, and security interest in tangible / intangible assets. It allows Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) to register additional charges. A collateral registry is now in operation for both incorporated / non-incorporated entities.
2. Introduction of Section 26E in the SARFAESI Act, 2002. Now debts due to a secured creditor shall be paid in priority over other debts / dues to any Central / State / local authority.
3. Under The Insolvency and Bankruptcy Code, 2016, secured creditors will be paid first if business is liquidated.
4. Amended Section 23 in Chapter IV of the SARFAESI Act provides for registration of different security interests on different properties as notified by Central Government.  
Now India has an integrated/unified legal framework for creation, publicity and enforcement of security interests in movable assets.
5. SARFAESI Act: new Section 20A (integration of records), 26B (protection of secured creditors), 26D (secured creditor to register security interests with Central Registry).
6. Introduction of the Insolvency and Bankruptcy Code, 2016, National Company Law Tribunal (NCLT) has been empowered to consider the cases / disputes.
7. Newly introduced Section 2(1) (zf) : Retention-of-title sales have to be registered to be enforceable against third parties.

### **Getting Electricity**

On this parameter, India's rank has improved from 99 (2015) to 51(2016) to 26 (2017).

In the last three years, focused reforms have halved the rate of power price rise per year.

Compounded annual growth in power prices in the 2014-16 periods stood at 3.27% against 5.94% through last 10 years between 2004 and 2014.

The improvement in this rank has been brought about mainly by the rural electrification programme in the last three years.

Overall energy shortage too has come down to 0.7% from 4.2% in 2014. With procedures to

obtain an electricity connection reduced to only 3, the cost / time taken has been significantly reduced in Delhi and Mumbai.

### **Registering Property**

The parameters are: steps, time and cost, quality of land administration, infrastructure reliability, and transparency of information, geographic coverage, land dispute resolution, and equality of access to property rights. While Delhi land records are digitised and integrated, all property related records in Maharashtra are digitised.

### **Resolving Insolvency**

World Bank identifies weaknesses in bankruptcy law and procedural / administrative bottlenecks in bankruptcy process.

After due legal process, both houses of Indian parliament passed the Insolvency and Bankruptcy Code, 2016.

1. The Insolvency and Bankruptcy Code, 2016 (the Code) creates a new institutional framework. This is India's first comprehensive legislation in the area of corporate insolvency. It is a specialised forum for insolvency and liquidation issues of all corporate and non-corporate entities. Board of Directors and promoters can be suspended; all classes of creditors can initiate resolution process.
2. Insolvency professionals can take control of corporate debtor's financial affairs.
3. It provides for compulsory liquidation of corporate debtors in case of no resolution within 180 days of the start of resolution process.

### **Paying Taxes**

World Bank reviews taxes and mandatory contributions by a medium-size company and measures administrative aspects of tax payments including post filing procedures. India is ranked 172 out of 190, in terms of taxes payment and long-time involved in related processes and refunds.

India has two indirect taxes, VAT and CENVAT, mandatory contributions for employees' provident fund (EPF) and employees' insurance (ESI), and a large number of cesses.

Indian reforms in 'Paying Taxes':

Now, with Goods and Services Tax implementation, India can hope to have a reduction in indirect taxes, especially with the standard rate of 18%.

Employees State Insurance Corporation has developed a fully online module which reduces time / cost of return filing and payment. E-Verification system is also useful.

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## **PART B: SURVEY ON PERCEPTION ABOUT EFFECTIVENESS OF GOVERNMENT REFORMS / INITIATIVES**

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**Survey on the Success of Initiatives to Enhance the 'Ease of Doing Business' In India**

A survey was undertaken to collect primary data in respect of the perception about the success of government of India initiatives to enhance the ease of doing business in India, with reference to the world bank parameters and, inter alia, new Indian startups. A structured questionnaire containing 20 questions on a 7 point Likert scale about 'agreement' was sent through the Question Pro software. Data was also collected personally from businessmen and startups. The present paper is one part of the research work with the data. The structured questionnaire was circulated via e mail and on personal interview basis. The selection criteria were those people who are already in business, have recently started their business and students perusing innovation and entrepreneurship course.

The descriptive statistics of the respondents are shown in Table 1 to Table 4. As per table 1, 56 percent of the total respondents are in the age group of 18 to 25, 23.4 percent are in the age group between 26 to 35. The sample size contains 15 and 7 number of respondents in the age group of 36 to 45 and 46 to 55 respectively.

*Table 1 Age of the Respondents*

	Frequency	Percent
18-25	60	56.1
26-35	25	23.4
36-45	15	14.0
46-55	7	6.5
Total	107	100.0

*Table 2 Gender of the Respondents*

	Frequency	Percent
Male	68	63.6
Female	39	36.4
Total	107	100.0

The research was conducted to know the factors affecting the ease of doing business in India; the data was collected from businessman. There were 12 salaried people in the selected sample and they are planning to start their own business in near future. There were 4 housewives, who are freelancer business women, rest 18 are innovation and entrepreneur students (table 3). 25 percent of sample are self-employed and 43 percent are business people.

*Table 3 Occupation of the Respondents*

	Frequency	Percent
Salaried	12	11.2
Self Employed	27	25.2
Business	46	43.0
Housewife	4	3.7
Student	18	16.8
Total	107	100.0

Educational qualification of 31 percent of sample was graduate, 59 percent are post graduate, 1 percent was undergraduate.

*Table 4 Education of the Respondents*

	Frequency	Percent
Undergraduate	1	.9
Graduate	33	30.8
Post Graduate	63	58.9
If any other pls specify	10	9.3
Total	107	100.0

### **The Factor Analysis**

Factor analysis was conducted by requesting Principal Component Analysis (PCA). The output of Factor analysis is presented in Table 5 to Table 8. Table 5 shows the significant KMO and Bartlett's test. The value of 0.82 suggests that factor analysis can be conducted on the selected sample.

*Table 5 KMO & Bartlett's Test*

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.832
Bartlett's Test of Sphericity	Approx. Chi-Square	989.826
	df	190
	Sig.	.000

Table 6 shows the descriptive statistics of the chosen variable. Likert scale was used for data collection and mean and standard deviation are shown against each variable.

*Table 6 Descriptive Statistics*

	Mean	Std. Deviation	Analysis N
The time taken for registering companies in India has significantly reduced.	4.89	1.319	102
The processes for incorporation of companies in India have become easier.	4.87	1.166	102
Removing the requirement for minimum paid up capital for companies in India has significantly enhanced the ease of doing business in India	5.15	1.270	102
Simplification of tax laws in India has significantly enhanced the ease of doing business in India.	4.72	1.458	102
The passage of Insolvency and Bankruptcy Code in India has significantly enhanced the ease of doing business in India	4.56	1.182	102
The integration of registration processes with various authorities through eBiz portal has significantly enhanced the ease of doing business in India	5.10	1.263	102
The simplification of foreign direct investment (FDI) rules has significantly enhanced the ease of doing business in India	5.35	1.310	102
Indirect taxation reform with a nationwide goods and services tax (GST) has significantly enhanced the ease of doing business in India	4.54	1.669	102
The rapid growth in e-commerce has significantly enhanced the ease of doing business in India.	5.55	1.183	102
The simplification of import - export procedures has significantly enhanced the ease of doing business in India.	5.00	1.227	102
The time, cost and processes for getting an electricity connection should be less to encourage startups.	5.86	1.219	102
An internet connection and availability of broadband are crucial for a startup.	6.25	1.105	102
The procedures, cost, and time taken for registration of a company or partnership firm should be less so as to encourage new startups.	6.13	1.050	102
There should be simple procedures and less cost for property registration for new startups.	6.02	1.053	102
There should be simple procedures and less cost for construction permissions so as to encourage new startups.	5.65	1.310	102

Taxation procedures and payment should be simplified for new startups.	5.96	1.071	102
Contract enforcement and dispute resolution should be simplified for startups.	5.78	1.191	102
There should be simplified import- export procedures and incentives for new startups.	5.78	1.332	102
There should be simplified procedures and incentives for financing fixed assets and working capital for new startups	5.86	.985	102
In the event of insolvency of the entrepreneur or failure of the startup, there should simplified procedures for a comprehensive exit route	5.65	1.419	102

Table 7 comprises the communalities of all 20 variables and the Eigen values of all the factors which have Eigen value of more than 1. We have only extracted factors having Eigen value of 1 or more.

Table 7 shows that there are 5 factors with Eigen value of 1 or more than one. The last column in the table (cumulative %) depicts that the 5 factors extracted together account for 67.25 % of the total variance. It means that only with 5 factors (reduced from 20) we have lost 32.75 % of the information content, while 67.25 % is retained by the 5 factors extracted out of the 20 original variables.

*Table 7 Total Variance Explained*

Total Variance Explained
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Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.068	30.340	30.340	3.405	17.024	17.024
2	3.760	18.798	49.138	3.099	15.494	32.518
3	1.426	7.130	56.268	3.032	15.160	47.678
4	1.123	5.616	61.884	2.186	10.932	58.610
5	1.074	5.370	67.254	1.729	8.644	67.254
6	.797	3.984	71.239			
7	.702	3.510	74.748			
8	.669	3.347	78.095			
9	.654	3.269	81.365			
10	.629	3.144	84.508			
11	.514	2.570	87.078			
12	.432	2.162	89.240			
13	.417	2.084	91.324			
14	.350	1.750	93.074			
15	.297	1.486	94.560			
16	.274	1.372	95.932			
17	.262	1.310	97.243			
18	.217	1.085	98.328			
19	.180	.901	99.228			
20	.154	.772	100.000			

Extraction Method: Principal Component Analysis.

Initially 25 variables were taken but due to low Eigen value 5 of them were dropped in the process of conducting the factor analysis. Looking at Table 8, the rotated component matrix, we can infer that variable 11, 12, 13, 14, 15 and 16 has highest loading of 0.535, 0.541, 0.739, 0.853, 0.702 and 0.729 respectively. It suggests that factor 1 is the combination of following variables.

1. The time, cost and processes for getting an electricity connection should be less to encourage startups.
2. An internet connection and availability of broadband are crucial for a startup.
3. The procedures, cost, and time taken for registration of a company or partnership firm should be less so as to encourage new startups

4. There should be simple procedures and less cost for property registration for new startups.
5. There should be simple procedures and less cost for construction permissions so as to encourage new startups.
6. Taxation procedures and payment should be simplified for new startups.

Now after analyzing the variables (11 to 16), researchers have named them as “Favorable Infrastructural Facility”

In the similar manner factor 2 has maximum loading of variable 4, 5, 6, 7 and 8 with loading of 0.656, 0.687, 0.701, 0.621 and 0.674 respectively. So factor 2 is the combination of following variables

1. Simplification of tax laws in India has significantly enhanced the ease of doing business in India.
2. The passage of Insolvency and Bankruptcy Code in India has significantly enhanced the ease of doing business in India
3. The integration of registration processes with various authorities through eBiz portal has significantly enhanced the ease of doing business in India
4. The simplification of foreign direct investment (FDI) rules has significantly enhanced the ease of doing business in India
5. Indirect taxation reform with a nationwide goods and services tax (GST) has significantly enhanced the ease of doing business in India.

The name given to this factor was “Favorable legal/Taxation Environment”

Factor 3 is the combination of following variables

1. Contract enforcement and dispute resolution should be simplified for startups.
2. There should be simplified import- export procedures and incentives for new startups.
3. There should be simplified procedures and incentives for financing fixed assets and working capital for new startup.
4. In the event of insolvency of the entrepreneur or failure of the startup, there should be simplified procedures for a

And the name for this factor was “Favorable Environment for Startup”

Factor 4 is the combination of following variables

1. The time taken for registering companies in India has significantly reduced.

2. The processes for incorporation of companies in India have become easier.
3. Removing the requirement for minimum paid up capital for companies in India has significantly enhanced the ease of doing business in India

The name assigned to the factor is “Ease of Registering the business”

Lastly factor 5 is the combination of

1. The rapid growth in e-commerce has significantly enhanced the ease of doing business in India.
2. The simplification of import – export procedures have significantly enhanced the ease of doing business in India.

And the name was “Favorable Economic Environment”

As per Table 8, with the research conducted to identify the factors affecting ease of doing business in India, the factors are extracted as follows

1. Favorable Infrastructural Facility
2. Favorable legal/Taxation Environment
3. Favorable Environment for Startup
4. Ease of Registering the business
5. Favorable Economic Environment

*Table 8: Rotated Component Matrix*

Rotated Component Matrix <sup>a</sup>						Factors
	Component					
	1	2	3	4	5	
The time taken for registering companies in India has significantly reduced.	.052	.294	.046	.790	.109	<b>Ease of Registering the business</b>
The processes for incorporation of companies in India have become easier.	.061	.305	.145	.816	.042	
Removing the requirement for minimum paid up capital for companies in India has significantly enhanced the ease of doing business in India	.209	.353	-.031	.658	.166	
Simplification of tax laws in India has significantly enhanced the ease of doing business in India.	-.013	.656	.055	.203	.225	<b>Favourable legal/Taxation Environment</b>
The passage of Insolvency and Bankruptcy Code in India has significantly enhanced the ease of doing business in India	.074	.687	.050	.282	-.101	
The integration of registration processes with various authorities through eBiz portal has significantly enhanced the ease of doing business in India	.150	.701	.087	.201	.221	
The simplification of foreign direct investment (FDI) rules has significantly enhanced the ease of doing business in India	-.062	.621	.008	.189	.514	
Indirect taxation reform with a nationwide goods and services tax (GST) has significantly enhanced the ease of doing business in India	.028	.674	-.032	.130	.089	
The rapid growth in e-commerce has significantly enhanced the ease of doing business in India.	.213	.087	-.165	.043	.854	<b>Favourable Economic Environment</b>
The simplification of import – export procedures has significantly enhanced the ease of doing business in India.	-.045	.417	.159	.184	.704	
The time, cost and processes for getting an electricity connection should be less to encourage startups.	.535	.500	.128	-.025	-.041	<b>Favourable Infrastructure facilities</b>
An internet connection and availability of broadband are crucial for a startup.	.541	.289	.081	-.355	.019	
The procedures, cost, and time taken for registration of a company or partnership firm should be less so as to encourage new startups.	.739	-.013	.313	.118	.112	
There should be simple procedures and less cost for property registration for new startups.	.853	.078	.242	.159	.022	
There should be simple procedures and less cost for construction permissions so as to encourage new startups.	.702	-.099	.325	.089	.134	
Taxation procedures and payment should be simplified for new startups.	.729	.079	.412	.152	-.012	
Contract enforcement and dispute resolution should be simplified for startups.	.454	-.021	.749	.018	-.059	<b>Favourable Environment for Startup</b>
There should be simplified import– export procedures and incentives for new startups.	.303	.079	.818	.010	.032	
There should be simplified procedures and incentives for financing fixed assets and working capital for new startups	.234	-.007	.813	.124	.120	
In the event of insolvency of the entrepreneur or failure of the startup, there should simplified procedures for a comprehensive exit route	.212	.137	.771	-.007	-.169	

Extraction Method: Principal Component Analysis.  
 Rotation Method: Varimax with Kaiser Normalization.  
 a. Rotation converged in 9 iterations.

**Limitations:**

The data was collected from respondents through mails and personal interviews. More than 550 respondents were approached and out of which 107 have responded to this questionnaire. The expected sample size should have been 200+ however analysis was done based on 107

respondents. However this research is continued to improve sample size. The exploratory factor analysis brought out some of the factors as used by World Bank for ease of doing business ranking.

## **CONCLUSION**

While doing well in 'Getting Electricity' and "Protecting interests of Minority Investors', India's performance in the other parameters of "Ease of Doing Business" as used by the World Bank has been dismal. This is so, in spite of the major initiatives taken by the Indian government from 2014 onwards, through "start-up India", make in India" and various other regulatory and legislative reforms.

The government wants to perform better on the EODB index of World Bank, convinced that the parameters sufficiently capture the ground reality in each economy being ranked, about the genuine improvement (or otherwise) in the environment faced by an entrepreneur or businessman.

Part A of the paper explains in detail the measures / reforms / initiatives of the Indian government which show that the central and state governments and their ministries / agencies / departments have been genuinely and consistently trying to improve the "ease of doing business".

The factor analysis based on the perception survey in part B indicates a positive result about effectiveness of government initiatives on 'Ease of Doing Business' through the following factors:

1. Favorable Infrastructural Facility
2. Favorable legal/Taxation Environment
3. Favorable Environment for Startup
4. Ease of Registering the business
5. Favorable Economic Environment

However, the process of ranking of the World Bank, though well designed and comprehensive, suffers from the lacuna that the 'ground reality' is captured through a sample of the major city (cities) in an economy. Thus in India, It covers only Greater Mumbai and Delhi. This cannot represent the entire country, especially in case of a country like India, with many Industrial cities and multiple industrial clusters.

On the whole, the Government of India needs to continue to implement its initiatives rigorously, the positive effects of which will possibly be experienced in the next few years.

## **Post Script**

While finalizing this paper, news is received ("India jumps 30 places in World Bank's ease of doing business rankings" – Times of India, October 31, 2017) that India's overall ranking in World Bank's Ease of Doing Business Index has improved from 130<sup>th</sup> to 100<sup>th</sup> position. In "resolving insolvency" India is now ranked 103 (improved by 33 places). In the parameter "protecting interest of minority investors" India has figured in top five economies for the first time by improving to 4<sup>th</sup> position (improved by 6 places). India has improved by 53 places, (from 172 to 119), in "paying taxes"; and

15 places (from 44 to 29) in “getting credit”.

While this good news for India is another validation of Government of India initiatives for improving the ease of doing business, the initiatives need to be continued rigorously for India to reach the “top 50”.

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