

# Doing Business in India as a Country vs India as a State

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With the advent of Ease of Doing Business concept floated by World Bank, it has helped countries draw in investment from various business segments and investors to invest in their respective country. In the era of 21<sup>st</sup> century, India along with China are two big markets comprising almost 36 per cent of the world population and a rare scenario for industries where the production centre established in these countries also become a major consumption centre. However, India is a large, fragmented and heterogenous market and because of regional differences in language, religion, culture and wealth, it leads to wide variations in business. It will be not wrong to state that an Indian State population or geographical scenario is comparable to one single European Country and that produces a major challenge for implementation of Ease of Doing Business. The GDP of one single country can be equal to one state e.g. Oman's country GDP is equal to the state of Rajasthan. So, with such a federal system in place wherein policy decisions are often left with States, it's important that the investors satisfy the criteria of the state and are aware of the policy regulations of the particular state. Thus, Ease of Doing Business in country like India, is something which provides investors a preview of the state before any investment is made.

## Doing Business in India- with Ease-Background

Business is not only about discovering opportunity in deficiency, innovative product development or bridging demand supply gap but it is also the regulatory requirements and prevailing social economic conditions along with administrative efficiency in the initial stage of setting up business which promotes the business houses or conglomerates to invest in a particular country. Africa has huge business opportunity but because of prevailing socio-

economic conditions the investors have shied away from investing over there. In one of the instances from India, one of India's biggest telecom company Airtel owner Mr. Bharti Mittal expressed his pain that entering the African market was one of the biggest mistakes and a huge strategic failure in assessing the country situation which in turn resulted in huge losses for Airtel. Ease of Doing Business allows countries for making a system which helps to create an investment friendly environment and also allow countries to uplift the prevailing socio-economic societal conditions like increasing efficiency in bureaucratic system, promoting digitization that helps in expediting the documentation processes in the country.

However, such uniform system is very difficult to create in a country like India because of the geographical demarcation based on population, environmental, linguistic, political, social conditions with each state having its own strength in terms of mineral resource, agriculture land, production hubs, etc. and are very different from one another. In some cases, even boundaries of 10-20 kms changes laws and trade dynamics exponentially.

Currently, the World Bank index focus on easing off the process generally related to policies and approval, it allows the investors to expedite the approval and concerned process timelines for setting up their business. It focuses on maximizing the usage

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of digitization so that the physical intervention from side of investors and the concerned government is bare minimum and the whole process is much simplified thus eliminating the complexity involved in the process. This way the Government process also becomes transparent and is accountable if the investors raise a flag when their processes are delayed.

However, the accountability in the Indian federal structure lies with the respective state government and the same thing can't be generalized about all the 28 Indian States which are a part of the system. All the states have

their respective regulatory norms, the way of functioning, Socio-Economic dynamics and cannot be judged by how old the federal system in state is, e.g. the State of Telangana labels itself as a "Start-up State" and is currently ranked 2<sup>nd</sup> in the ranking behind the neighbouring Andhra Pradesh which tops the list whereas states like West Bengal, Maharashtra and New Delhi lies in the bottom half of the ranking.

### World Bank Indicators for Doing Business Ranking

Sensing the need of introducing such a system which is transparent, accountable and

makes the investor aware about the country's socio-economic scenario prior to their entry, the World Bank introduced the indicators for measuring the regulatory structure of Ease of Doing Business since 2005. It allows not only to improve the conditions for foreign investors to setup business in the country but also allows it to benchmark the respective country's policy standards in line with the countries which has been continuously doing well in the ranking and against those indexes. The 11 indicator sets against which ranking are assigned (Table 1).

The countries that rank highest on ease of doing business are not

TABLE 1

#### 11 AREAS OF BUSINESS REGULATION

Indicator set	What is measured
Starting a business	Procedures, time, cost and paid-in minimum capital to start a limited liability company for men and women.
Dealing with construction permits	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system.
Getting electricity	Procedures, time and cost to get connected to the electrical grid, the reliability of the electricity supply and the transparency of tariffs.
Registering property	Procedures, time and cost to transfer a property and the quality of the land administration system for men and women.
Getting credit	Movable collateral laws and credit information systems.
Protecting minority investors	Minority shareholders' rights in related-party transactions and in corporate governance.
Paying taxes	Payments, time and total tax and contribution rate for a firm to comply with all tax regulations as well as post filing processes.
Trading across borders	Time and cost to export the product of comparative advantage and import auto parts.
Enforcing contracts	Time and cost to resolve a commercial dispute and the quality of judicial processes for men and women.
Resolving insolvency	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency.
Labor market regulation	Flexibility in employment regulation and aspects of job quality.

Source: Doing Business Database.

those where there is no regulation but those where governments have been successful in creating rules that facilitate interactions in the market place without needlessly hindering the development of private sector. Doing Business uses a simple average approach for weighing component indicators, calculating ranking and determining the ease of doing business score. The scores and ranking of each economy vary considerably across topics, indicating that a strong performance by an economy in one area of regulation can co-exist with weak performance in another (Exhibit 1). For instance, a country performing well on one or two indexes like labour market regulation or resolving insolvency need not be rated high if it is scoring low on other important matrix like initial steps e.g. starting a business-like procedure, time and minimum paid up capital or registering a property. Thus, countries get the realistic view of their investment atmosphere and it allows countries to benchmark and adopt the best practices followed elsewhere.

As per the latest ranking released by World Bank, India is ranked 63<sup>rd</sup> among 190 countries (Exhibit 3) and has continued to improve its position by jumping 79 positions in the last five years. The important aspect is India continues to maintain its 1<sup>st</sup> position among South Asian Nations, a testimony to its influence and impact over the region well explained by the fact that major product-based companies like Apple, Samsung, Xiaomi have shifted/established huge manufacturing base in India.

Apart from this, leading oil companies like Aramco, total have invested sizeable share in Indian companies showing their inclination towards investing in India.

### **Best Practices Adopted Across the World Across the Segment**

World Bank Index allows countries to amend their current practices and policies to create an atmosphere which promotes investment within their countries and benchmark the best practices adopted worldwide. As per current ranking, India have made rapid strides in last few years in overall ranking but the fact that it ranks relatively lower in important parameters among 190 countries like starting a business, registering property, paying taxes, enforcing contracts and resolving solvency points to the fact that a lot needs to be done in order to scale up business environment and create a sustainable startup ecosystem. Some of the best practices adopted by various countries across these above indexes are simplified registration processes, abolishing corporate seals, removing minimum paid up capital requirement, creating a one stop shop, by creating a single window counter for construction permits, reducing land development fee, electronic application system, improving system of tax refunds and e-filing systems, e-filing system for commercial cases, introducing financial

incentives for mediation and providing finances at time of insolvency, etc.

The above practices adopted do tilt the balance in favour of four key areas where the countries have focused on:

- Efficiency in their respective Bureaucratic, Finance, Judiciary system, Planning system and an effort to bring the similar functions under unified Umbrella. Examples of the same could be single window system for construction permits by China and implementation of GST across segments in India for similar tax system across all the states.
- Removing human intervention to the best extent possible and maximizing digitization usage across the system. For example e-filing for taxes, e-filing for commercial lawsuits and e-registration and one single window for new registering new businesses.
- Bringing in transparency and Accountability to the system so that fault finding from either side becomes easier. For example Burundi and Uruguay have increased the transparency of dealing with construction permits by publishing regulations related to construction online free of cost.
- Privileges to start-ups/Business Houses- in order to boost up the Start-up ecosystem, the countries have extended certain privileges to budding entrepreneurs within the country. For example Udyog

Aadhar popularly known as Aadhar for Business enables Business houses to get excise exemption, credit guarantee schemes, protection from delayed payments, concession in electricity bills, etc. Mudra Loan and recent reduction in corporate tax are also welcome measures by Government which in turn has given the boost to Start-up economy.

In addition to this, doing away with obsolete systems is also where countries have focused on. This can be explained by example of Singapore who abolished the corporate seal culture in their process system.

Thus, these policies indicatively help in shaping up an efficient, expedited and enhanced business environment. (Exhibit 2)

### Way Ahead for India as a Country as an Ideal Business Destination

India with its large geographical landscape, three tier democratic system, socio-economic factors prevailing in 28 States and 9 Union Territories presents a unique challenge as on numerous occasions the State's objective may not be aligned to the vision of central government and *vice versa*. This lack of

synchronization can hurt the State and Country's economy badly. Also, the political instability prevailing in certain states can also be a major factor when there can be complete overhauling in the entire business structure for instance Tata Nano plant proposed at Singur in West Bengal being moved to Gujarat and Tata incurred huge losses. Thus, the alignment of the Vision and Mission of Central Government is very important with vision of Federal Government of State without which the on-ground implementation becomes a major challenge and political instability stalls the progress of the projects. Considering the state of Maharashtra which is currently 13<sup>th</sup> in Indian State-wise ranking for Ease of Doing Business Index depicts that there is still a lot of progress that has to be achieved on various fronts for the state to be in ranks of Telangana which was formed in 2014 and due to its policies related to Ease of doing Business and Start-up culture prevailing in its federal government, the structure today finds itself on 2<sup>nd</sup> and houses tech giants like Apple, Microsoft, Google, etc. Thus, a lot of improvement is sought by the Federal government in States.

However, there are few factors that promotes and promises India to be an Ideal Business Destination:

- Rarity of India as a Production and Consumption Centre as well as Major Centre for Business in South East Asia.
- Exponential growth of start-up ecosystem in India paving way for foreign investment e.g. Acquisition of Flipkart by American giant Walmart.
- Government support to the business houses who are ready to invest in India by presenting lucrative incentives like corporate tax waiver, e-filing system. Examples like Udyog Aadhar scheme popularly known as Aadhar for Business, Mudra Loan for Budding entrepreneurs and Business houses, Skill Development. India are some of the schemes which is widely acclaimed even by World Bank.
- In Indian context where the population today exceeds more than 1.37 billion, it is impossible to create so many jobs so the way forward to solve the issue of unemployment which currently stands at 6 per cent is to facilitate and create an investment friendly environment where entrepreneurs and start-ups can scale up their business.

**EXHIBIT 1**  
**RANKING 2017-18**

Rank	Economy	EODB score	EODB score change	Rank	Economy	EODB score	EODB score change	Rank	Economy	EODB score	EODB score change
1	New Zealand	86.59	0.00	65	Colombia	69.24	+0.20	129	Barbados	56.78	0.00
2	Singapore	85.24	+0.27	66	Luxembourg	69.01	0.00	130	St. Vincent & the Grenadines	56.35	+0.01
3	Denmark	84.64	+0.59	67	Costa Rica	68.89	-0.47	131	Cabo Verde	55.95	+0.02
4	Hong Kong SAR, China	84.22	+0.04	68	Peru	68.83	+0.56	132	Nicaragua	55.64	+0.37
5	Korea, Rep.	84.14	-0.01	69	Vietnam	68.36	+1.59	133	Palau	55.59	+0.01
6	Georgia	83.28	+0.48	70	Kyrgyz Republic	68.33	+2.57	134	Guyana	55.57	-1.21
7	Norway	82.95	+0.25	71	Ukraine	68.25	+0.94	135	Mozambique	55.53	+1.78
8	United States	82.75	-0.01	72	Greece	68.08	-0.12	136	Pakistan	55.31	+2.53
9	United Kingdom	82.65	+0.33	73	Indonesia	67.96	+1.42	137	Togo	55.20	+6.32
10	Macedonia, FYR	81.55	+0.32	74	Mongolia	67.74	+0.27	138	Cambodia	54.80	+0.41
11	United Arab Emirates	81.28	+2.37	75	Jamaica	67.47	+0.55	139	Maldives	54.43	+0.10
12	Sweden	81.27	0.00	76	Uzbekistan	67.40	+1.08	140	St. Kitts & Nevis	54.36	+0.01
13	Taiwan, China	80.90	+0.24	77	India	67.23	+6.63	141	Senegal	54.15	+0.37
14	Lithuania	80.83	+0.29	78	Oman	67.19	-0.02	142	Lebanon	54.04	+0.07
15	Malaysia	80.60	+2.57	79	Panama	66.12	+0.41	143	Niger	53.72	+1.24
16	Estonia	80.50	+0.01	80	Tunisia	66.11	+1.51	144	Tanzania	53.63	+0.34
17	Finland	80.35	+0.05	81	Bhutan	66.08	+0.20	145	Mali	53.50	+0.23
18	Australia	80.13	-0.01	82	South Africa	66.03	+1.37	146	Nigeria	52.89	+1.37
19	Latvia	79.59	+0.33	83	Qatar	65.89	+0.64	147	Grenada	52.71	+0.07
20	Mauritius	79.58	+1.29	84	Malta	65.43	+0.28	148	Mauritania	51.99	+0.92
21	Iceland	79.35	+0.05	85	El Salvador	65.41	+0.21	149	Gambia,	51.72	+0.23

Rank	Economy	EODB score	EODB score change	Rank	Economy	EODB score	EODB score change	Rank	Economy	EODB score	EODB score change
22	Canada	79.26	+0.38	86	Botswana	65.40	+0.46	150	Marshall Islands	51.62	+0.01
23	Ireland	78.91	-0.51	87	Zambia	65.08	+1.48	151	Burkina Faso	51.57	+0.12
24	Germany	78.90	0.00	88	San Marino	64.74	+2.27	152	Guinea	51.51	+2.02
25	Azerbaijan	78.64	+7.10	89	Bosnia & Herzegovina	63.82	+0.27	153	Benin	51.42	+0.13
26	Austria	78.57	+0.03	90	Samoa	63.77	+0.01	154	Lao PDR	51.26	+0.11
27	Thailand	78.45	+1.06	91	Tonga	63.59	+0.03	155	Zimbabwe	50.44	+1.92
28	Kazakhstan	77.89	+0.73	92	Saudi Arabia	63.50	+1.62	156	Bolivia	50.32	+0.15
29	Rwanda	77.88	+4.15	93	St. Lucia	63.02	+0.06	157	Algeria	49.65	+2.06
30	Spain	77.68	+0.07	94	Vanuatu	62.87	-0.21	158	Kiribati	49.07	+0.33
31	Russian Federation	77.37	+0.61	95	Uruguay	62.60	+0.34	159	Ethiopia	49.06	+0.91
32	France	77.29	+0.99	96	Seychelles	62.41	-0.01	160	Micronesia, Fed. Sts.	48.99	0.00
33	Poland	76.95	-0.36	97	Kuwait	62.20	+0.75	161	Madagascar	48.89	+0.71
34	Portugal	76.55	-0.07	98	Guatemala	62.17	+1.01	162	Sudan	48.84	+3.75
35	Czech Republic	76.10	+0.05	99	Djibouti	62.02	+8.87	163	Sierra Leone	48.74	+0.15
36	Netherlands	76.04	+0.01	100	Sri Lanka	61.22	+1.80	164	Comoros	48.66	+0.14
37	Belarus	75.77	+0.72	101	Fiji	61.15	+0.04	165	Suriname	48.05	-0.05
38	Switzerland	75.69	+0.01	102	Dominican Republic	61.12	+0.55	166	Cameroon	47.78	+0.83
39	Japan	75.65	+0.05	103	Dominica	61.07	+0.04	167	Afghanistan	47.77	+10.64
40	Slovenia	75.61	+0.02	104	Jordan	60.98	+1.42	168	Burundi	47.41	+0.73
41	Armenia	75.37	+2.06	105	Trinidad and Tobago	60.81	-0.12	169	Gabon	45.58	-0.23
42	Slovak Republic	75.17	+0.29	106	Lesotho	60.60	+0.19	170	São Tomé and Príncipe	45.14	+0.30
43	Turkey	74.33	+4.34	107	Namibia	60.53	+0.24	171	Iraq	44.72	+0.04
44	Kosovo	74.15	+0.44	108	Papua New Guinea	60.12	+1.19	171	Myanmar	44.72	+0.51



Rank	Economy	EODB score	EODB score change	Rank	Economy	EODB score	EODB score change	Rank	Economy	EODB score	EODB score change
45	Belgium	73.95	+2.24	109	Brazil	60.01	+2.96	173	Angola	43.86	+2.16
46	China	73.64	+8.64	110	Nepal	59.63	-0.32	174	Liberia	43.51	-0.04
47	Moldova	73.54	+0.38	111	Malawi	59.59	+0.84	175	Guinea-Bissau	42.85	+0.27
48	Serbia	73.49	+0.17	112	Antigua & Barbuda	59.48	+0.06	176	Bangladesh	41.97	+0.91
49	Israel	73.23	+0.64	113	Paraguay	59.40	+0.41	177	Equatorial Guinea	41.94	+0.28
50	Montenegro	72.73	+0.20	114	Ghana	59.22	+2.06	178	Timor-Leste	41.60	+1.71
51	Italy	72.56	-0.15	115	Solomon Islands	59.17	+0.33	179	Syrian Arab Republic	41.57	+0.02
52	Romania	72.30	-0.53	116	West Bank & Gaza	59.11	+0.39	180	Congo, Rep.	39.83	+0.36
53	Hungary	72.28	+0.34	117	Eswatini	58.95	+0.13	181	Chad	39.36	+1.15
54	Mexico	72.09	-0.18	118	Bahamas,	58.90	+0.77	182	Haiti	38.52	+0.11
55	Brunei Darussalam	72.03	+1.85	119	Argentina	58.80	+0.87	183	Central African Republic	36.90	+2.67
56	Chile	71.81	+0.37	120	Egypt, Arab Rep.	58.56	+2.74	184	Congo, Dem. Rep.	36.85	+0.67
57	Cyprus	71.71	+0.44	121	Honduras	58.22	+0.09	185	South Sudan	35.34	+2.04
58	Croatia	71.40	+0.34	122	Côte d'Ivoire	58.00	+4.94	186	Libya	33.44	+0.23
59	Bulgaria	71.24	+0.11	123	Ecuador	57.94	+0.12	187	Yemen, Rep.	32.41	-0.59
60	Morocco	71.02	+2.46	124	Philippines	57.68	+1.36	188	Venezuela, RB	30.61	-0.24
61	Kenya	70.31	+5.25	125	Belize	57.13	+0.02	189	Eritrea	23.07	+0.13
62	Bahrain	69.85	+1.82	126	Tajikistan	57.11	+0.08	190	Somalia	20.04	+0.06
63	Albania	69.51	+0.50	127	Uganda	57.06	+0.65				
64	Puerto Rico (US)	69.46	+0.20	128	Iran, Islamic Rep.	56.98	+2.34				

**EXHIBIT 2**  
**BEST PRACTICES ADOPTED IN 2017-18 BY COUNTRIES AGAINST 11 INDEXES**

Feature	Economies	Some Highlights
<b>Making it Easier to Start a Business</b>		
Simplified preregistration and registration formalities (publication, notarization, inspection, and other requirements)	Afghanistan; Argentina; Bolivia; Brazil; Brunei Darussalam; Burundi; Côte d'Ivoire; Ethiopia; Guatemala; India; Mauritania; Morocco; Myanmar; New Zealand; Nigeria; Pakistan; Qatar; South Africa; Sudan; Thailand; Togo; Turkey; Vietnam	Argentina made starting a business easier by introducing an expedited process for limited liability companies that includes company incorporation, book legalization and tax and social security registration. India made starting a business easier by fully integrating multiple application forms into a general incorporation form.
Abolished or reduced minimum capital requirement	Central African Republic; Guatemala; Kuwait; Timor-Leste; Togo	Kuwait made starting a business easier by eliminating the paid-in minimum capital requirement.
Cut or simplified post registration procedures (tax registration, social security registration, licensing)	Armenia; Belarus; Brunei Darussalam; Chile; Georgia; India; Indonesia; Kazakhstan; Mauritius; Peru; Philippines; Rwanda; Singapore; Zimbabwe	Indonesia made starting a business easier by combining different social security registrations. Mauritius made starting a business easier by linking the database of the business registry with the database of the social security office. Singapore made starting a business easier by abolishing corporate seats.
Introduced or improved online procedures	Bolivia; China; Guatemala; Malaysia; Nigeria; Tanzania; Togo; United Arab Emirates; Vietnam	Nigeria made starting a business easier by introducing an online platform to pay stamp duties. Tanzania made starting a business easier by launching online company registrations. Vietnam made starting a business easier by publishing the notice of incorporation online.
Introduced or improved one-stop shop	Cameroon; Chad; Djibouti; Egypt, Arab. Rep.; Gabon; Guinea; Moldova; Togo; Tunisia	Moldova made starting a business easier by removing the requirement to separately file for registration with the National Bureau of Statistics. Tunisia made starting a business easier by combining different registrations at the one-stop shop.
<b>Making it Easier to Deal with Construction Permits</b>		
Reduced time for processing permit applications	Azerbaijan; Botswana; China; El Salvador; Ethiopia; Greece; Guinea; India; Kosovo; Malaysia; Malta; Russian Federation; Serbia; Sri Lanka; Taiwan, China; Zimbabwe	Sri Lanka made dealing with construction permits easier by reducing the processing times to issue several building certificates.
Streamlined procedures	Azerbaijan; Botswana; China; El Salvador; Greece; India; Kosovo; Malaysia; Malta; Serbia; Sri Lanka	Kosovo made dealing with construction permits easier by streamlining the inspection system through the use of an in-house engineer.
Adopted new building regulations	China; Côte d'Ivoire; Gabon; Ghana; Madagascar; Peru; Philippines; Togo	Ghana and Peru strengthened construction quality control by imposing stricter qualification requirements for professionals in charge of technical inspections. The Philippines made the construction sector safer by improving its risk management practices; latent defect liability insurance is now commonly obtained by industry players.



Feature	Economies	Some Highlights
Improved transparency	Burundi; China (Beijing); India; Mauritania; Sri Lanka; Turkey; Uruguay	Burundi increased the transparency of dealing with construction permits by publishing regulations related to construction online free of charge. Uruguay improved the quality of its building regulations by creating an online portal that provides information on the requirements and fees to obtain a building permit.
Reduced fees	Azerbaijan; Cambodia; China; Gabon; Greece; Guinea; India; Macedonia, FYR; Madagascar; Niger; Togo	Macedonia, FYR made the construction permitting process less costly by reducing the land development fees.
Introduced or improved one-stop shop	Azerbaijan; Belarus; China; India; Sri Lanka; Taiwan, China; Zimbabwe	Taiwan, China, made dealing with construction permits less time-consuming by improving the efficiency of its single window counter in the Taipei City Construction Management Office. Zimbabwe made dealing with construction permits faster by adopting a one-stop shop for building plan approvals.
Introduced or improved electronic platforms or online services	China; India; Russian Federation; Serbia; Sri Lanka; Taiwan, China; Uruguay	Serbia reduced the time needed to obtain a construction permit by introducing an electronic application system.
<b>Making it Easier to get Electricity</b>		
Facilitated more reliable power supply and transparency of tariff information	Angola; Azerbaijan; Brazil (São Paulo); Gabon; Mozambique; Myanmar; Paraguay; Papua New Guinea; Rwanda; Saudi Arabia; South Africa; Togo; Thailand	Gabon improved the regulatory framework of the electricity sector: the national regulator now monitors the utility's performance on reliability of supply. Papua New Guinea improved the reliability of supply by expanding electricity generation capacities. Paraguay rolled out a Supervisory Control and Data Acquisition (SCADA) system to monitor power outages.
Improved process efficiency	Algeria; Armenia; Azerbaijan; Hong Kong SAR, China; India (Delhi); Mozambique; Niger; Russian Federation; Rwanda; United Kingdom	Niger made the process for getting an electricity connection faster by increasing the stock of material the utility carries and by allowing the internal wiring certificate of conformity to be obtained at the same time as the external connection works.
Streamlined approval process	Brunei Darussalam; China; France; Malaysia; Nigeria; Russian Federation; Thailand	Thailand streamlined procedures by setting up a dedicated task force at the utility that coordinates the external works, meter installation and electricity turn-on without the need for customer interaction.
Reduced connection costs	Azerbaijan; China; India (Delhi); Russian Federation; Togo; United Arab Emirates	India (Delhi) issued a regulation prescribing new electricity charges. The United Arab Emirates made getting electricity easier by eliminating all costs for commercial and industrial connections of up to 150 kVA.
<b>Making it Easier to Register Property</b>		
Increased reliability of infrastructure	Croatia; Djibouti; Pakistan; Sri Lanka; Togo	Croatia became fully digitized, increasing the efficiency and transparency of services provided by the Land Registry and Cadaster. Sri Lanka worked toward implementing a fully digital Land Registry and Survey Department by rolling out a geographic information system and creating a Single Window Counter for the issuance of certificates.

Feature	Economies	Some Highlights
Increased transparency of information	Azerbaijan; Croatia; Eswatini; Gabon; Indonesia; Israel; Mauritius; Pakistan; Papua New Guinea; Rwanda; Togo; Tunisia; United Arab Emirates; West Bank and Gaza	Gabon and Israel upgraded their official websites to include relevant information to the public at large regarding land registry services. Pakistan and West Bank and Gaza began publishing online official statistics tracking the number of transactions at the immovable property registration agency.
Reduced taxes or fees	Chad; Congo, Dem. Rep.; Congo, Rep.; Djibouti; Guinea; Togo	Congo, Dem. Rep. reduced the cost of securing land and property titles. Guinea reduced the fees to transfer property from 2% to 1.2% of the property value.
Reduced time for registering property	China; Djibouti; France; Kenya; Malawi; Malaysia; Morocco; Sri Lanka; Togo; West Bank and Gaza	Malawi made property transfer faster by decentralizing the consent to transfer property to local government authorities.
Increased administrative efficiency	China; Djibouti; Indonesia; Israel; Kenya; Morocco; Niger; Pakistan; Senegal; Sri Lanka; Togo	Niger improved communication between the taxation department and the registration department by merging procedures, making reviewing and approving property transfers significantly faster. Senegal further streamlined the interactions between different departments at the Property Registry (Conservation Foncière).
<b>Strengthening Legal Rights of Borrowers and Lenders</b>		
Created a unified and/or modern collateral registry for movable property	Azerbaijan; Belgium; Kenya; Nicaragua; United Arab Emirates	United Arab Emirates established a modern and unified collateral registry.
Introduced a functional and secured transactions system	Azerbaijan; Kenya	Kenya strengthened access to credit by implementing a functional secured transactions system. The new law regulates functional equivalents to loans secured with movable property, such as financial leases and fiduciary transfer of title.
Allowed for general description of assets that can be used as collateral	Djibouti	Djibouti allowed the general description of debts and obligations.
Expanded range of movable assets that can be used as collateral	Azerbaijan; Belgium, Djibouti; Egypt, Arab. Rep.; Turkey; United Arab Emirates	Egypt, Arab Rep. introduced a new law that broadens the scope of assets which can be used as collateral to secure a loan.
Granted absolute priority to secured creditors or allowed out-of-court enforcement	Afghanistan; Belgium; Djibouti; Egypt, Arab. Rep.; India; Sudan; Turkey; United Arab Emirates	Afghanistan introduced a new law that grants secured creditors absolute priority over other claims within insolvency proceedings.
Granted exemptions to secured creditors from automatic stay in insolvency proceedings	Azerbaijan; Rwanda; Sudan	Rwanda adopted a new law on insolvency that contemplates protections for secured creditors during an automatic stay in reorganization proceedings.
<b>Improving the sharing of credit information</b>		
Established a new credit bureau or registry	Azerbaijan; Benin; Haiti; Ireland; San Marino	San Marino improved access to credit information by launching a new credit registry.

Feature	Economies	Some Highlights
Improved regulatory framework for credit reporting	Antigua and Barbuda; Bahamas, The; Grenada; Madagascar	Madagascar improved access to credit information by adopting a law that creates a new credit information system.
Expanded scope of information collected and reported by credit bureau or registry	Brazil; Côte d'Ivoire; Indonesia; Jamaica; Jordan; Turkey	In Indonesia, one public utility began submitting positive and negative information on consumer accounts to the credit bureau.
Introduced bureau or registry credit scores as a value-added service	Brunei Darussalam; Zimbabwe	In Brunei Darussalam, the credit registry began offering credit scores to banks and other financial institutions to better inform their lending decisions.
Guaranteed by law borrowers' right inspect data	Mauritania; Qatar	Qatar adopted the Consumer Credit Act 2016 guaranteeing borrowers' to right to inspect their own data.
Expanded borrower coverage by credit bureau or registry	Côte d'Ivoire; Zimbabwe	Zimbabwe expanded the number of borrowers listed by its credit registry with information on their borrowing history from the past five years to more than 5% of the adult population.
<b>Strengthening Minority Investor Protections</b>		
Expanded shareholders' role in company management	Afghanistan; Armenia; Azerbaijan; Bahrain; China; Cyprus; Djibouti; Dominican Republic; Egypt, Arab Rep.; Jordan; Kenya; Kuwait; Kyrgyz Republic; Lithuania; Mauritius; Papua New Guinea; Philippines; Saudi Arabia; Sudan; Taiwan, China; Tunisia; Uzbekistan	The Philippines issued new rules for companies listed on its stock exchange. Shareholders can now approve the appointment and dismissal of the auditor and companies must establish an audit committee composed exclusively of board members.
Increased disclosure requirements for related-party transactions	Afghanistan; Armenia; Bahrain; Cyprus; Djibouti; Kenya; Kuwait; Tunisia; Ukraine	In Tunisia, an amendment to capital market rules requires that companies promptly make public information on interested party transactions and conflicts of interest.
Enhanced access to information in shareholder actions	Afghanistan; Bahrain; China; Djibouti; Jordan; Sudan	Djibouti introduced major changes to its Code of Commerce. Among the changes, any information relevant to the subject matter of the claim must now be made available to shareholders when they bring a lawsuit.
Increased director liability	Djibouti; Kenya; Saudi Arabia	Kenya enacted the Companies Amendment Act 2017, which holds directors liable for transactions with interested parties valued at 10% or more of a company's assets and that cause damages to the company. Directors involved in prejudicial transactions are now required to pay damages, disgorge profits and may be disqualified from holding similar office for up to five years.
<b>Making it Easier to Pay Taxes</b>		
Introduced or enhanced electronic systems	Azerbaijan; Bahamas, The; Bhutan; China; Côte d'Ivoire; Cyprus; Finland; Iran, Islamic Rep.; Jordan; Kenya; Mauritius; Panama; Sri Lanka; Thailand; Togo; Turkey	The Bahamas implemented an online system for filing and payment of value added tax.

Feature	Economies	Some Highlights
Reduced profit tax rate, allowed for more tax-deductible expenses and made changes to tax depreciation rules	Ecuador; France; Georgia; Hungary; India; Russian Federation; Togo	Ecuador introduced a Tax Incentive Law in 2017 allowing businesses to deduct an additional 100% on amounts paid to cover private medical insurance or prepaid health care for its employees.
Reduced labour taxes and mandatory contributions, or taxes other than profit and labour	China (Beijing); Cyprus; Finland; France;	Hungary; India; Uzbekistan; Vietnam Vietnam reduced the employer's contribution to the labor fund from 1% to 0.5%.
Introduced new or significantly revised tax law or tax code	Georgia; India	India introduced the Maharashtra Goods and Services Tax Act 2017 and the Delhi Goods and Services Tax Act 2017, which unified all sales taxes into one new tax called the Goods and Services Tax (GST).
Simplified tax compliance processes or decreased number of tax filings or payments	Afghanistan; Armenia; Azerbaijan; China; Georgia; India; Kenya; Kosovo; Lithuania; Vietnam	Armenia improved the quality of the local accounting software (Arm accounting) for corporate income tax and labor taxes in 2017 by incorporating a wider range of tax calculations. This allowed for the integration of the local accounting software with the tax authority's secure data transmission and storage system.
Merged or eliminated taxes	China; Cyprus; Ecuador; India; Kenya; Lithuania; Tunisia; Vietnam	Cyprus abolished the immovable property tax and did not extend the levy of the Special Contribution for Employees, Pensioners and Self-Employed individuals in 2017.
Improved VAT refund process	Egypt; Arab Rep.; Iran, Islamic Rep.; Kosovo; Mauritius; Mozambique	Mauritius introduced an expedited processing system for the repayment of value added tax refunds and upgraded its online platform to allow for the online submission of invoices and amended corporate tax returns.
Improved tax audit processes and correction of corporate income tax processes	Afghanistan; Iran, Islamic Rep.; Kosovo; Mauritius	In 2017 Afghanistan introduced a new tax administration and law manual with clear rules and guidelines on tax audit and automated the submission of tax returns.
<b>Making it Easier to Trade Across Borders</b>		
Introduced or improved electronic submission and processing of documents for exports	Angola; Azerbaijan; China; Congo, Dem. Rep.; India; Iran, Islamic Rep.; Kazakhstan; Kosovo; Lesotho; Lithuania; Malaysia; Morocco; Mozambique; Nigeria; Russian Federation; Rwanda; Saudi Arabia; Thailand; Turkey; Uganda; Uzbekistan	Kazakhstan made trading across borders easier by introducing an electronic customs declaration system, ASTANA-1 IS, and reducing customs administrative fees. Uganda fully implemented the Centralized Document Processing Centre, an electronic processing platform that centralizes all documentary checks. Traders in Uganda also began using the Uganda Electronic Single Window, which allows for electronic submission of documents as well as for the exchange of information between trade agencies.
Introduced or improved electronic submission and processing of documents for imports	Angola; Azerbaijan; Bahrain; Brazil; China; Congo, Dem. Rep.; Ghana; India; Iran, Islamic Rep.; Lesotho; Malaysia; Morocco; Mozambique; Nigeria; Paraguay; Russian Federation; Saudi Arabia; Turkey; Uganda	Lesotho made importing faster by implementing the Automated System for Customs Data (ASYCUDA), reducing documentary compliance time for imports by two hours. In January 2017, Paraguay introduced the legal validity of the electronic signature for trade operations.



Feature	Economies	Some Highlights
Strengthened border infrastructure for exports	China; El Salvador; India; Malaysia; Morocco; Rwanda; Uganda	El Salvador made exporting easier by introducing an intermediate customs post in Santa Ana, reducing congestion at the Anguiatú border crossing. Rwanda reduced border compliance time by having staff from the Rwanda Revenue Authority and the Tanzania Revenue Authority at the Rusomo one-stop border post, the result of the implementation of the Single Customs Territory.
Strengthened border infrastructure for imports	Bahrain; China; India; Malaysia; Morocco; Mozambique; Nigeria; Rwanda; Saudi Arabia; Uganda	Malaysia strengthened infrastructure at Port Klang by opening a second gate with additional scanners, upgrading the management system, expanding two terminals and decreasing the cut-off time.
Enhanced customs administration and inspections for exports and imports	Algeria; Azerbaijan; China; Ghana; Guinea; India; Iran, Islamic Rep.; Kazakhstan; Kosovo; Kyrgyz Republic; Lao PDR; Malaysia; Mauritius; Nigeria; Russian Federation; Rwanda; Tajikistan; Turkey; Ukraine	Mauritius made exporting easier by introducing a risk-based management system which reduced border compliance time by 14 hours. Ukraine made trading across borders easier by eliminating the verification requirement on auto-parts. Kosovo also introduced simplified controls at the border with Albania, reducing the number of physical examinations during customs clearance.
<b>Making it Easier to Enforce Contracts</b>		
Introduced significant changes to the applicable civil procedure or enforcement rules	Albania; Armenia; Djibouti; Kyrgyz Republic; Malawi; Mongolia; Niger; Nigeria (Lagos); Rwanda; São Tomé and Príncipe; Saudi Arabia; Slovenia; Sri Lanka; Ukraine	Kyrgyz Republic, Slovenia, Sri Lanka and Ukraine amended the civil procedure rules to introduce a pre-trial conference as part of the case management techniques used in court. Albania, Armenia, Niger, Nigeria (Lagos) and Ukraine issued new rules of procedure for small claims.
Expanded court automation by introducing electronic payment, electronic service of process, automatic assignment of cases to judges or by publishing judgments	Canada; Georgia; Jordan; Kazakhstan; Madagascar; Poland; Puerto Rico (U.S.); Slovak Republic; Turkey; Vietnam; Zambia; Zimbabwe	Canada, Jordan and Puerto Rico (U.S.) implemented a platform to pay fees electronically. Georgia, Madagascar and Poland introduced random and automatic assignment of cases to judges throughout the courts. Slovak Republic implemented electronic service of process. Kazakhstan, Turkey, Vietnam and Zimbabwe made decisions rendered in commercial cases publicly available.
Introduced or expanded the electronic case management system	Denmark; Kazakhstan; Madagascar; Namibia; Puerto Rico (U.S.)	Denmark, Madagascar and Puerto Rico (U.S.) introduced an electronic case management system. Kazakhstan and Namibia introduced the possibility of generating performance measurement reports.
Introduced electronic filing	Canada; Chile; Denmark; Puerto Rico (U.S.); Saudi Arabia	Canada, Chile, Denmark, Puerto Rico (U.S.) and Saudi Arabia introduced an electronic filing system for commercial cases, allowing attorneys to submit the initial summons online.
Introduced or expanded specialized commercial court	Djibouti; Ethiopia	Djibouti and Ethiopia introduced dedicated benches to resolve commercial disputes.
Expanded the alternative dispute resolution framework	Benin; Burkina Faso; Cameroon; Central African Republic; Chad; Comoros; Congo, Dem. Rep.; Congo, Rep.; Côte d'Ivoire; Djibouti; Equatorial Guinea; Gabon; Guinea; Guinea-Bissau; Ireland; Kyrgyz Republic; Mali; Niger; Senegal; Singapore; Sudan; Togo; Turkey	Djibouti, Ireland and Kyrgyz Republic adopted laws that regulate all aspects of mediation as an alternative dispute resolution mechanism. Sudan recognized voluntary conciliation and mediation as ways of resolving commercial disputes. Turkey introduced financial incentives for mediation.

Feature	Economies	Some Highlights
<b>Making it Easier to Resolve Insolvency</b>		
Improved the likelihood of successful reorganization	Afghanistan; Djibouti; Egypt, Arab, Rep.; Kenya; Morocco; Pakistan; Rwanda; Turkey	Morocco established the possibility for the debtor to receive new financing after the commencement of insolvency proceedings and introduced corresponding priority rules.
Introduced a new restructuring procedure	Afghanistan; Egypt, Arab, Rep.; Malaysia; Pakistan	Pakistan introduced the option of reorganization for commercial entities as an alternative to previously available option of liquidation.
Strengthened creditors' rights	Afghanistan; Djibouti; Kenya; Kyrgyz Republic; Morocco; Rwanda; Sudan; Turkey	Kyrgyz Republic granted an individual creditor the right to access information about the debtor's business and financial affairs.
Improved provisions on treatment of contracts during insolvency	Afghanistan; Azerbaijan; Kenya; Kyrgyz Republic; Pakistan; Sudan	Kenya allowed for the continuation of contracts supplying essential goods and services to the debtor, giving the administrator the power to continue or disclaim contracts of the debtor.
Streamlined insolvency procedures	Belgium; Burundi	Belgium unified its insolvency legal framework and streamlined provisions related to liquidation and reorganization procedures.
<b>Changing Labour Legislation</b>		
Altered hiring rules and probationary period	Benin; Nepal	Benin increased the maximum length of fixed-term contracts. Nepal allowed fixed-term contracts for permanent tasks and reduced probationary periods.
Amended regulation of working hours	Brazil; Canada; Haiti; India (Mumbai); Israel; Lithuania; Nepal; Norway; South Sudan	India (Mumbai) eliminated restrictions on weekly holiday work and introduced a 100% wage premium for work on the weekly rest day.
Changed redundancy rules and cost	Azerbaijan; Brazil; Costa Rica; France; Lithuania; Nepal; South Sudan	France increased severance payments. Lithuania decreased the notice period and severance payments in case of redundancy. Nepal eliminated the third-party approval requirement in case of redundancy.
Reformed legislation regulating worker protection and social benefits	Bulgaria; Canada; Costa Rica; Israel; Luxembourg; Malaysia; Mali; Mozambique; Nepal; South Sudan; United States (New York)	Canada introduced two days of paid sick leave. Israel, Luxembourg, Nepal and South Sudan increased the duration of paid maternity leave.

Source: Doing Business Database.



**EXHIBIT 3**  
**INDIA RANKED AGAINST INDEXES IN DOING BUSINESS RANKING**

<b>INDIA</b>	<b>South Asia</b>	<b>GNI per capita (US\$)</b>	<b>1,820</b>
<b>Ease of doing business rank (1–190)</b>	<b>77</b>	<b>Ease of doing business score (0–100)</b>	<b>67.23</b>
<b>Starting a business (rank)</b>	<b>137</b>	<b>Trading across borders (rank)</b>	<b>80</b>
Score for starting a business (0–100)	80.96	Score for trading across borders (0–100)	77.46
Procedures (number)	10	<i>Time to export</i>	
Time (days)	16.5	Documentary compliance (hours)	14.5
Cost (% of income per capita)	14.4	Border compliance (hours)	66.2
Minimum capital (% of income per capita)	0.0	<i>Cost to export</i>	
		Documentary compliance (US\$)	77.7
<b>Dealing with construction permits (rank)</b>	<b>52</b>	<b>Border compliance (US\$)</b>	<b>251.6</b>
Score for dealing with construction permits (0–100)	73.81	<i>Time to import</i>	
Procedures (number)	17.9	Documentary compliance (hours)	29.7
Time (days)	94.8	Border compliance (hours)	96.7
Cost (% of warehouse value)	5.4	<i>Cost to import</i>	
Building quality control index (0–15)	14.0	Documentary compliance (US\$)	100
		Border compliance (US\$)	331
<b>Getting electricity (rank)</b>	<b>24</b>		
Score for getting electricity (0–100)	89.15	<b>Enforcing contracts (rank)</b>	<b>163</b>
Procedures (number)	3.5	Score for enforcing contracts (0–100)	41.19
		<b>Paying taxes (rank)</b>	<b>121</b>

INDIA	South Asia	GNI per capita (US\$)	1,820
Time (days)	Score for paying taxes (0–100)	65.36	1,445
Cost (% of income per capita)	Payments (number per year)	11.9	31.0
Reliability of supply and transparency of tariffs index (0–8)	Time (hours per year)	275.4	10.5
	Total tax and contribution rate (% of profit)	52.1	
<b>Registering property</b> (rank)	Postfiling index (0–100)	49.31	108
Score for registering property (0–100)			40.84
Procedures (number)			4.3
Time (days)			9.0
Cost (% of property value)			26.5
Quality of land administration index (0–30)			8.5

**Note:** Most indicator sets refer to a case scenario in the largest business city of an economy, though for 11 economies the data are a population-weighted average for the two largest business cities. For some indicators a result of “no practice” may be recorded for an economy; see the data notes for more details. In starting a business, procedures (number), time (days) and cost (% of income per capita) are calculated as the average of both men and women. For the postfiling index, a result of “not applicable” may be recorded for an economy.

**Source:** Doing Business Database.