Ease of Doing Business: Political Economic Challenges

27 February 2017, New Delhi

NCAER National Workshop
Building Synergies: Matching Business Reforms to Improved ‘Ease of Doing Business’
Assessing India’s performance

**Positives**
- **Global Competitiveness Index (WEF)**
- **Ease of Doing Business Index (WB)**
- **Access to Electricity and Bank Accounts (GoI)**

**Negatives**
- **Global Hunger Index (IFPRI)**
- **Women Health (WEF Global Gender Gap)**
- **Quality of Education and Job Creation (GoI)**
Action lies in the states
States in action

- **Uttarakhand**: Deemed approval in single window mechanism
  - Inadequate for accessing finance; absence of investor feedback

- **Punjab and Haryana**: Regulatory reforms in labour market
  - Frequent strikes, labour and social unrest, shortage of skilled labour

- **Himachal Pradesh**: Investment in and around capital
  - Uneven geographical development and infrastructure constraints

- **Rajasthan and Uttar Pradesh**: Single window clearance mechanism
  - Frequent transfers, delays, lack of institutional memory
What do we find?

- Reforms occurring in silos

- Implementation, awareness and capacity building related challenges not taken into account

- Ground realities and infrastructure constraints often ignored

**AS A RESULT, MSMEs NOT BENEFITTING FROM REFORMS**
Way ahead

- Whole of Government Approach to involve all departments (Invest Punjab)

- Regulatory Impact Assessment and Evaluation (Cost/Benefit Analysis) in policy making and review (analysis of policy failures)

- Sunset clause and regulatory guillotine to do away with unnecessary laws (Rajasthan Law Reform Project)

- Institutionalise feedback, response and grievance redress mechanism

- Invest in awareness generation and capacity building

- Sharing of good practices among states

- Focus on MSMEs: Ecosystem approach to ensure their growth

- Co-opt non-state actors for independent assessment, review and evaluation
About CUTS

- Independent non-profit evidence based economic policy research and advocacy organisation

- Working for improving quality of competition, regulation, investment, governance, consumer protection and trade

- Worked in > 35 emerging economies in last 35 years

- Headquartered in Jaipur, present at grassroots, national, regional and global level
Thank You

Amol Kulkarni
CUTS International
amk@cuts.org
www.cuts-international.org
Link to competitiveness project: http://www.cuts-ccier.org/STATE-COMP/index.htm