

**CHANGING PERCEPTION OF DOING BUSINESS IN INDIA: A
SHARED VISION OF STAKEHOLDERS**

A

Thesis submitted

In partial fulfillment of the requirement for the degree of

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IN

ECONOMICS



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(Deemed to be University)

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June, 2019

CERTIFICATE

This is to certify that the thesis, "**CHANGING PERCEPTION OF DOING BUSINESS IN INDIA: A SHARED VISION OF STAKEHOLDERS**" being submitted in partial fulfilment of requirement for the award of Degree of **Master of Arts in Economics, in The School of Humanities and Social Sciences, Thapar Institute of Engineering and Technology (Deemed to be University), Patiala**, is a bonafide work carried under the supervision of **Dr. Ravi Kiran**, Professor and Head, School of Humanities and Social Sciences, Thapar Institute of Engineering and Technology (Deemed to be University), Patiala and that no part of this project has been submitted for the award of any other degree.

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CANDIDATE'S DECLARATION

I hereby declare that the work presented in this thesis entitles, "CHANGING PERCEPTION OF DOING BUSINESS IN INDIA: A SHARED VISION OF STAKEHOLDERS" being submitted in partial fulfilment of requirement for the award of Degree of Master of Arts in Economics, in The School of Humanities and Social Sciences, Thapar Institute of Engineering and Technology (Deemed to be University), Patiala, is an authentic record of my own work carried out under the supervision and guidance of Dr. Ravi Kiran, Professor and Head, School of Humanities and Social Sciences, Thapar Institute of Engineering and Technology (Deemed to be University), Patiala and refers to other researchers' work which are duly listed in the references section.

The matter embodied in this thesis has not formed the basis of any other degree of this or any other university.

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Place: Patiala.

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ABSTRACT

India has shown significant improvement the business sector which reflects in the Ease of Doing Business Index rank India was able to achieve in the year 2018. The World Bank placed India at the 77th rank in this index. This study is aimed at understanding the business environment in India, the Ease of Doing Business Index of India, and all its sub-indexes. This study also contains a survey based analysis of the Doing business Index and Growth of businesses in India. The sample size consists of 100 individuals (47 females and 53 males). The survey form was prepared specifically for this research study. The data was analysed using ANOVA and regression functions on the basis of Education, Occupation, Gender, Code of Ethics and the Facilities favourable for the business sector in India, and a model was prepared with the help of SEM-PLS software. The findings of this study suggest that the improvement in India's rank of the Ease of Doing business index was due to 2 major parameters i.e. the Dealing with Construction Permits Indicator and the Trading across the Borders indicator.

Major findings of the study through the survey based analysis are – 3 indicators are statistically significant based upon the gender wise analysis, 2 indicators are significant based upon the education wise analysis and only one indicator is significant based upon occupation wise analysis. The model generated through the SEM-PLS model suggest that facilities are absolutely necessary for the growth and development of the business sector in India and to further improve the Ease of Doing Business index.

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CHANGING PERCEPTION OF DOING BUSINESS IN INDIA: A SHARED VISION OF STAKEHOLDERS

CHAPTER 1

INTRODUCTION

This chapter introduces the parameters of ease of Doing business in section 1.1. It highlights India's position on these parameters in section 1.2 and section 1.3 covers the chapter scheme of the dissertation.

1.1 Ease of Doing Business in India

The index ease of doing business or simply Doing Business report is an aggregate index based on a number of parameters used to estimate or define the level of ease with which a business can be started and maintained in a country. It is a report published internationally by the World Bank group, after estimating various individual parameters for every country separately, and then each country is given an 'Ease of doing business' ranking based upon the aggregate of the parameters.

The initial aim of this index report is: "to provide an objective basis for understanding and improving the regulatory environment for business around the world."

Currently the World Bank does the estimation of this index for 190 countries over the globe. The first doing business report, published in the year 2003, covered 133 countries on the basis of 5 parameters. The 2018 report covers 11 indexes/indicators for 190 countries. For most countries these indicators or parameters refer to the largest city for carrying out a business, in every economy, except 11 economies which have inhabitants exceeding 100 million i.e. 10 crores by the year 2013 including China, India, Japan, Pakistan, the Russian Federation and the United States), where the data for preparing the doing business report was also collected for the next largest business city, after the largest city.

The parameters of doing business are:

i. Starting a business

This indicator is used to measure the time taken and costs involved in the process of starting a new business in a country. Some of the indexes used under this point are acquiring the required funds, obtaining the social security, company name and its seal, etc.

ii. Construction permits

This indicator is used to measure the ease of obtaining the necessary construction permits required by the firm to start its operations in the largest city of an economy.

Such as gathering information and building a warehouse legally, and all the official costs associated with it.

iii. Getting electricity

This indicator is used to measure the ease of obtaining a permanent electricity connection in a new country, which is necessarily required by the business to start its operations.

iv. Registering property

This indicator is used to measure the ease of registering property in an economy. The time, costs and procedures associated with obtaining and registering property in a country. Such as reliability of infrastructure, access to property rights, land dispute resolution, etc.

v. Getting credit

This indicator is associated with the ease of accessing credit facilities in an economy. It also measures the security of creditors, how strong are the credit reporting agencies and checking how effective are the bankruptcy and collateral laws in the economy, land reforms, aretc.

vi. Protecting minority investors

This indicator is used to measure the safety available to the minority investors in a company. Minority investor is a person with a small investment in a company i.e. an investment of non-controlling share in a company. It measures how protected these minority investors against misuse of power by large shareholders or directors, etc.

vii. Paying taxes

This indicator is used to measure the ease of payment of taxes in an economy. Too many taxes, or too lengthy procedures or too frequent payments of taxes can hinder the business

growth in the country. This indicator also includes the administrative burden of calculations of taxes, filing of returns to relevant agencies, and the contribution taxes such as VAT, GST and sales tax.

viii. Trading across borders

This indicator estimates the ease of importing and exporting goods in and out of a country. The role of custom duties is very important in the international trade of a country as liberal custom duties encourage the global trade and vice-versa. This indicator measures the time and costs involved in the export or import of a shipment such as- obtaining clearances, handling costs, transportation costs, etc.

ix. Enforcing contracts

This indicator is used to measure the time involved and costs required by a firm to get out of any legal dispute, if it enters into one. It is also used to measure the quality and strength of the judicial system and the laws prevailing in the economy.

x. Resolving insolvency

This indicator is used to measure the costs and time taken by the legal proceeding of an economy in the event of insolvency, such as the cost incurred in the process of recovering debt, and calculating the recovery rate for the creditors.

1.2 Current Position of India in Ease of Doing Business.

India's current position in these indicators is as follows: -

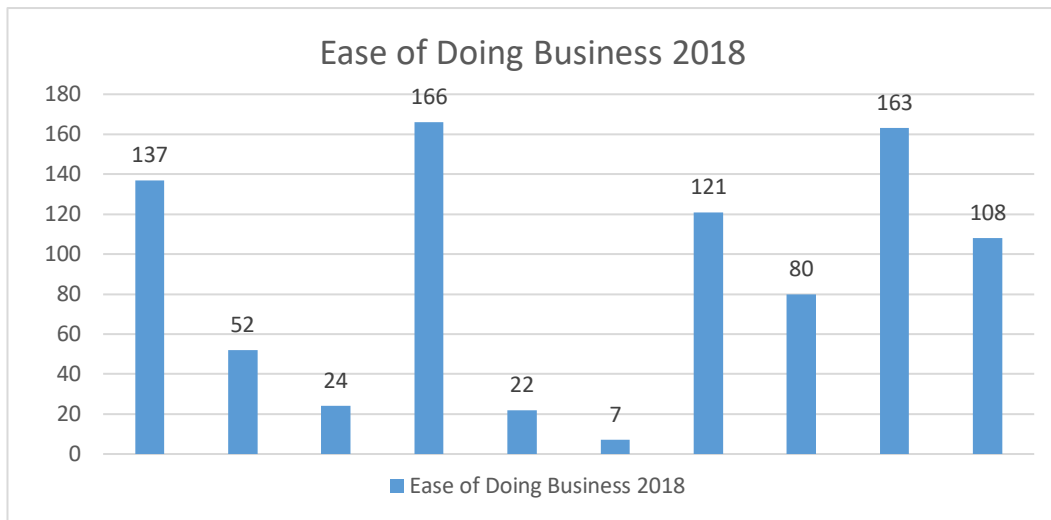


Fig 1.1 India's Current Position in Ease of Doing Business.

In terms of Ease of Doing Business as shown in Figure 1.1 India has performed better on parameter vi: Protecting minority investors.

1.3 Chaptalization

First Chapter introduces the topic and explains the parameters of ease of Doing Business. It also explains the current position of India in Ease of Doing Business. Finally it explains the chapter scheme to give an overview of the dissertation.

Chapter 2 gives the Review of literature. Based on review the study identifies the Gaps in earlier Studies. Finally it gives the motivation for the study.

Chapter 3 is Research design and methodology. This Chapter indicates research design and methods used to achieve the objectives. It throws light on the details of 10 parameters of doing business starting a business. It gives the details of what the indicator measures and also the procedural methods of the indicator. This chapter also covers the details of Survey based analysis.

Chapter 4 is Data analysis and interpretation. This chapter deals with the analysis and interpretation of the Doing business reports of previous years. It is based on secondary data for all the individual parameters of the ease of doing business with respect to the India

economy. This chapter also presents the results of questionnaire based on perception towards the ease of doing business in India.

Chapter 5 deals with the results and findings of the study. It also focuses on analysing the objectives and how these were achieved, the implications and limitations of this study and finally the scope for future studies.

CHAPTER 2

REVIEW OF LITERATURE

A review of literature is mandatory to explain the other researchers' perspectives and to give an overview of what has been covered earlier. It helps in building the framework of research and also helps in placing the study in proper perspective. Section 2.1 covers review of literature, section 2.2 introduces the gaps in earlier studies. Section 3.3 highlights the motivation for the study.

2.1 Review of Literature

Gaur and Padiya (2017) focuses on identifying the aspects of ease of doing business index and a number of recent reforms undertaken by Indian govt. such as make in India campaign that will enhance the manufacturing sector and improve the overall business environment in India. They estimated four key factors influencing the business environment: - viz (i) Developing a robust and coherent policy framework (ii) Facilitating procedural simplicity for investors (iii) Putting in place strong enablers, (iv) Driving dogged and unyielding implementation.

Jotwani (2016) author focused on the relation amongst ease of doing business and productivity in an economy that is the availability of finance credit and its effect on an economy's output. As this statement is generally agreed upon that finance up to certain limit can facilitate the process of economic growth but beyond that point it starts to disrupt the economy's functioning. In the study the authors use this variable to study patterns of business and related activities across major states of India, to develop and study the causality between ease of doing business and productivity.

The results are different for different states such as in Maharashtra and Haryana there is one directional connection of total credit and economic progress and from economic growth to industry positive economic growth however for the state of Punjab and the state of Tamil Nadu economic growth can be seen to cause an increase in bank credit.

Moorthi and Jason (June 2016) study macro level effect of the Ease of Doing Business rank, using regression technique. The results highlight that GDP per capita is inversely correlated with the Ease of Doing Business rank. Secondly, that average growth of a ten year period is negatively related to starting income per capita. Basically, it shows that Ease of Doing Business rank has limited macro level usefulness, as the researchers found that the correlation is sometimes negative and sometimes positive. No definite relation is seen between GDP and Ease of Doing Business index.

Geetha (2013) focused on the 'Make in India' campaign and key challenges in the development of a favourable business environment (mainly manufacturing sector) and recommending various remedial measures for these challenges. Some of these are: (i) Challenges regarding land acquisition. (ii) Infrastructure development (such as major roads and highways in the country). (iii) Improving the ease of doing business rank of India. (iv) Improving the employment levels of general and engineering graduates. (v) Adding more capacity in the power sector to meet the increasing industrial energy demand. Geetha also found that the new policies of Govt. were able to reduce the Ease of Doing Business rank of India from 142 to 134 during that period, and if it continued to work in the same way, along with the contribution from Make in India campaign, the rank will further improve and India will be on the road to becoming a manufacturing hub.

Banwari (2019) discussed India's general position on the ease of doing business index, which India recently jumped 27 places, now placing it at 77th position among the 190 countries. It also discusses about India's rank in the different individual indicators such as starting a business, construction permits, getting electricity, etc., where the researcher found that India's overall rank could be better than 77 but, it was due to the economy's position in specifically the Registering property and protecting minority investors indicators, where reforms are required and suggested to be made by the researcher. The study highlights that for India to achieve its aim of getting into "double digits" growth figures, it must improve its business environment.

Pandita, Gupta and Kiran (2018) tried to calculate the 3 year success rate of the Make in India initiative, after it was launched on September 25, 2014. Based on primary data, this paper tries to measure public's viewpoint. This paper focused on understanding the

environment in which the businesses in India operate, and the factors affecting this environment and how are these perceived by the general public. One of the main findings of this paper was that in order to make India a manufacturing powerhouse like China or Thailand, using the MII scheme, cooperation between the R & D and publically funded institutions is necessary, but India lacks in R & D. The paper also found that the govt. did not implement the new and revised labour reforms, which are necessary for the success of this “Make in India” program.

Malik and Jyoti (2018) stated that investor friendly environment is necessary to increase investments in any country, and governments around the world are introducing reforms and legislations, tax, banking reforms, relax economic and trade policies which caters the economic growth. FDI plays a significant role in such growth, and to induce investors to invest in a country, the environment must be suitable, where the investor can invest easily and expect a reasonable return. The researcher also tried to study the factors affecting FDI in developing countries, especially in India, such as size of local markets, availability of natural factors of production, cultural distance factors, inflation rate, exchange rate, availability of skilled human workforce, ease of international trade, gross fixed capital formation, tax structure in the country, and legal and political structure of the country, etc.

Ridhima (2014) highlighted the remarkable growth that business has shown and indicated that the potential for even more growth has been shown in the last two decades. The researcher tried to study the impact of business ethics and corporate social responsibility (CSR) on the growth and development of business.

Hui Fang Cheng, Margarida Gutierrez, Arvind Mahajan, Yochanan Shachmurove and Manuchehr Shahrokhi (2007), stated that the BRICs economies together were likely to become the largest global economic group by the middle of the 21st century. In their paper the researchers tried to summarize the features of the above mentioned economies to state and examine some of the country specific obstacles that could stop the above prediction from becoming true.

2.2 Gaps in earlier Studies:

As highlighted through literature there are many studies covering the various aspects of ease of doing business index. Some studies cover reforms undertaken by Indian govt. to facilitate business in India. A few studies cover make in India initiative of India and gauge the performance of India with respect to Make in India Campaign. There are limited studies covering India's performance on Doing business Index. Hence the current study was undertaken to fill this gap.

2.3 Motivation for the Study:

India's Performance has always caught the limelight sometimes in the light of BRIICS, and sometimes in terms of developing economies. There had been few studies focusing on doing Business Index. This attracted the attention and hence the current study is a move in this direction. This study is an aim to cover Changing Perception of Doing Business in India. It also has tried to cover analysis through secondary data to understand exact position of India in terms of doing business parameter. Along with that perception of respondents on doing business through a survey based analysis.

CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

3.2 This Chapter indicates research design and methods used to achieve the objectives. Section 3.1 covers the details of 10 parameters of doing business starting a business. It gives the details of what the indicator measures and also the procedural methods of the indicator. Section 3.2 covers the details of Survey based analysis. Section 3.3 covers Details of Survey on Perception of Doing Business in India

3.1 OBJECTIVES OF STUDY

The present study has been undertaken with the following Objectives:

- O1: To analyse the current scenario regarding Doing Business indicators in India.
- O2: To analyse Gender-wise perception of Doing Business indicators in India.
- O3: To analyse Occupation-wise perception of Doing Business indicators in India.
- O4: To analyse Education-wise perception of Doing Business indicators in India.
- O5: To design a framework relating Doing Business in India with economic performance.

3.3 Indicators of Doing Business

3.2.1 *Starting a Business*

This parameter measures the different factors related to starting a new business in a country i.e. various processes, amount of time involved, costs and minimum paid in capital requirement for a small and medium sized limited liability company to start its operations and legally exist and work formally in each country's largest business city.

To make the data standard across 190 economies for the purpose of comparison, Doing Business report uses a consistent business format – I.e. Businesses that are owned 100% by the domestic country and have start-up capital equal to the per capita income times 10 and are engaged in general industrial or commercial activities. Has employed a workforce between 10 and 50 after a month of commencement of operations by the firm. All of these individuals

are nationals of the domestic country. Starting a Business index takes up two types of local limited liability companies that are similar/identical in all aspects, except – that one company is owned by 5 women, all of whom are married and the other by 5 men, with the same condition, that all of them should be married. The ranking of economies for the ease of starting a business index is estimated by the level of ease with which a new business can be started in it and by analysing their scores for starting a business. These scores are obtained by averaging the scores of all the individual parameters as discussed above.

What the indicators are used to measure?

Procedure to start a business legally and to operate a company formally

- i. Procedures before registration (such as, the reservation for the name of the company or its verification, and notarization).
- ii. Registration of the firm in the largest city of the country.
- iii. Post registration.
- iv. Procuring approval from spouse for the purpose of starting a business or for the purpose of leaving the home to get the company registered.
- v. Procuring the gender specific document, if any, for the registration of the company and operation or national identification card.

Number of hours required to complete each procedure.

- i. This index excludes time spent collecting information.
- ii. All procedures start on separate days.
- iii. Procedures which are/can be completed online are recorded as half a day.
- iv. For any procedure to be considered completed it is required that its final document is received.
- v. Any prior contact with officials is excluded.

Estimated costs necessary to complete the procedures as a percentage of per capita income.

- i. This indicator considers official costs only.
- ii. Professional fees is not included unless the services are required by law or commonly used in practice.

Paid-up minimum capital required (% of per capita income)

Funds deposited in a bank or with third party before registration or up to 3 months after incorporation.

3.2.2 Construction Permits

Construction Permits tracks the processes and dealings, time and cost to build a warehouse—including obtaining the obligatory certificates and permits, submitting all mandatory notifications, apply for and receiving all essential assessments and obtaining efficacy connections. Moreover, this indicator measures the quality control index, appraising the quality of protocols and regulations, the strength of quality control and safety mechanisms, liability and insurance systems, and specialised certification requirements.

The ‘Construction permits’ indicator covers the following:-

Procedures to legally build a warehouse (number of procedures)

- i. Submitting all required official papers and procuring all necessary certificates, licenses and clearances.
- ii. Submitting the mandatory notifications and cooperating in all essential investigations.
- iii. Procuring the basic useful networks for water and sewerage facilities.

Number of days required to complete all procedures

- i. This parameter excludes the time spent collecting info.
- ii. Each procedure can start on a new day—however, fully online procedures are an exemption to this rule.
- iii. Procedure is considered complete once final document is submitted and received.
- iv. Any previous contact with officials is also excluded.

Costs essential for the completion of each procedure (percentage of per capita income)

This index includes official costs only.

(0-15) Scores for the quality control index for the Building

- i. Score (0-2) is for the Quality of building regulations
- ii. Score (0-1) is for the Quality control before construction
- iii. Score (0-3) is for the Quality control during construction

- iv. Score (0-3) is for the Quality control after construction
- v. Score (0-2) is for the Liability and insurance regimes
- vi. Score (0-4) is for the Professional certifications

3.2.3 Getting Electricity

The ‘Getting Electricity’ indicator assesses the costs, procedures and time required by a business to obtain a permanent electricity connection for a newly constructed building. Also, the reliability of supply and transparency of tariffs indicator, a sub-index of the index for electricity estimates the reliability of supply, transparency of tariffs and the price of electricity.

What the indicators measure

Number of procedures involved in obtaining an electricity connection

- i. Filing all appropriate official papers and tracking down all required go-aheads and authorisations.
- ii. Fulfilling all the necessary notifications and conducting all the mandatory scrutiny assessments.
- iii. Procuring external installation works and if possible then, acquiring material for these works.
- iv. Finishing any obligatory contract of supply and obtaining ending supply.

Calendar days required to complete each procedure

- i. A minimum of a single calendar day is essential.
- ii. Each procedure starts on a separate day
- iii. It excludes the time used for collecting information.
- iv. It shows the time that is spent in practice.

Cost required to complete each procedure (percentage of income per capita)

- i. Only official costs are included.
- ii. Excluding the VAT.

3.3.5 Index of reliability of supply and transparency of tariffs (0-8)

- i. First 3 out of the 8 is for “Duration and frequency of power outages”

- ii. The next 1 is for “Tools to monitor power outages”
- iii. Next is for “Tools to restore power supply”
- iv. Next is for “Regulatory monitoring of utility’s performance”
- v. Next is for “Financial deterrents limiting outages”
- vi. Next is for “Transparency and accessibility of tariffs”

3.2.4 Registering Property

This indicator is used to measure the time, costs and number of procedures involved in buying and registering property for the new business. In addition to this, the indicator also examines the quality of land supervision systems in the country. In order to do so, the quality of land administration index has 5 sub-parts, namely: -

- i. Reliability of infrastructure,
- ii. Equal access to property rights,
- iii. Land dispute resolution,
- iv. Geographic coverage and
- v. Transparency of information.

Number of procedures to legally transfer the title on immovable property

- i. Procedures before registration such as paying property taxes, checking for liens, notarizing sales agreement.
- ii. Procedures of registration in the economy’s largest city.
- iii. Procedures after registration such as filing title with the municipality.

Time in calendar days to complete each procedure

- i. This does not include the time spent in gathering information.
- ii. Each procedure starts on a separate day- except the procedures which can be fully completed online.
- iii. Procedure is considered complete only after the final document is received.
- iv. There is no prior contract with the officials.

Cost required to complete all the procedures as percentage of property value

- i. This part of the index measures only the official costs only such as duties, taxes or administrative costs.

- ii. The items not included here are - Capital Gains Tax, Value Added Tax and illicit payments.

3.2.5 Getting Credit

This indicator deals with two sets of issues which are - firstly, the strength of credit reporting systems and secondly, the effectiveness of collateral and bankruptcy laws in facilitating and lending.

What the indicators measures

- i. (0-12) for strength of legal rights index
- ii. (0-10) for rights of borrowers and lenders through Collateral laws.
- iii. (0-2) for protection of secured creditor's rights through bankruptcy laws.
- iv. (0-8) for depth of credit information index

All these deal with choice and user-friendliness of credit information disseminated by credit bureaus and credit register offices.

Credit Bureau coverage as a percentage of adults

Quantity of individual landforms registered in the leading bureau shown as a fraction of adult population.

Credit registry coverage as percentage of adults

This deals with the number of individuals and firms which are listed in registry shown as a percentage of adult population.

3.2.6 Protecting Minority Investors

This indicator helps to measure the strength of protections put in place regarding minority shareholders to protect them against exploitation of corporate assets by directors for their private gain and shareholders rights, governance safeguards & corporate transparency requirements that minimize the threat of exploitation of minority investors.

What indicators measure

- i. (0-10) for extent of disclosure index

This indicator is used to review and approve necessities for related party transactions and release of these necessities for related party transaction.

ii. (0-10) for director reliability index

This index is used to measure the capacity of marginal shareholders to go to court and hold the directors in question answerable for injurious related party dealings and also the accessible legal remedies such as compensation payment for such directors, disgorgement of profits, fines to such directors and even imprisonment and rescission of such transaction.

iii. (0-10) for ease of shareholders suits index

This index is used to measure the access of internal corporate documents to the minority shareholders which can be used as evidence during trial and allocation of legal expenses.

iv. (0-10) are for degree of clash of interest guideline index

The index is used to measure extent of disclosure to the minority shareholders degree of director's obligation and ease of shareholder indices.

v. (0-10) are for extent of shareholder rights index

This index is used to measure the shareholders rights and their role in important corporate decisions.

vi. (0-10) are for extent of ownership and control index

This index is used to measure governance safeguard shielding shareholders from unjustified board control and entrenchment.

vii. (0-10) are for extent of Corporate transparency index

This index is used to measure corporate transparency and proprietorship risk factor and compensation audits and monetary prospects regarding minority shareholders

viii. Next (0-10) are for degree of shareholder governance index

This index is used to measure the average of the degree of shareholders rights, the degree of their ownership and control and the degree of corporate transparency indices

Measure for strength of minority Investors Protection index (0-10)

This index is used to measure the degree of conflict of interest regulation and degree of shareholder governance indices

3.2.7 Paying Taxes

This indicator is used to measure and record all the taxes and mandatory contributions that a company (medium-sized) must pay for keep aside in a given year as well as administrative burden of paying taxes and other contributions and also the burden of complying with procedures after filing this is mandatory contributions such as VAT refund and tax audit.

What the indicator measures

The number of tax disbursements for a manufacturing company in a year (2017) adjusted for electronic and joint filing and payments

- i. The total number of contributions and Taxes paid or kept aside which includes the VAT, sales tax or and GST
- ii. The manner of payment and frequency of filing and payment of taxes.

The number of hours per year required to comply with three major taxes

- i. Hours spent in collection of information and computation of tax payable.
- ii. Hours spent in formulating separate accounting books for tax if required.
- iii. Hours spent in finalizing tax return and filing with relevant organisations.
- iv. Number of hours used in arranging payments or withholding the payment.

The total tax and contribution rate as percentage of commercial profits

- i. Amount of profit of corporate income tax
- ii. Labour taxes and other social contributions paid by the employer
- iii. Property and amount of property transfer taxes.
- iv. Other calculation such as dividend financial transaction taxes and capital gains.
- v. The value of waste collection, road vehicle and other taxes.

Index after filing

- i. Hours required to comply with a VAT refund.
- ii. Weeks required to get VAT refund.
- iii. Hours required to abide by the corporate income tax correction.

- iv. Weeks required to finalize the corporate income tax correction.

3.2.8 Trading Across Borders

This indicator is used to measure and record the costs and time affiliated with the logistical process of importing goods in and exporting out of India. It does not include tariffs, costs and time that are included are related with 3 sets of procedures namely - documentary compliance, border compliance and domestic transport within the general process of exporting and importing the goods.

What the indicator measures

Documentary compliance

- i. This index is used to measure the time and cost affiliated with procuring preparing and submitted official papers during transport, clearance, inspections and port or border handling in the home economy.
- ii. The costs and time associated with obtaining preparing and submitting documents required by the destination economy and any transit economies.
- iii. Time and cost associated with covering all the documents required by law, including e-submission of information

Border compliance

- i. Time and costs associated with custom clearance and other inspections.
- ii. Time and costs associated with instructions by other agencies.
- iii. Time and costs associated with handling instructions that occur at the economy's port or border.

Domestic transport

- i. Time and cost associated with loading and unloading of shipment at the warehouse or at the port or at the border.

- ii. Time and costs associated with the transport of shipment between the warehouse and port or border.
- iii. Time and costs incurred due to traffic delays and Road police check while shipment is enroute to its destination.

3.2.9 Enforcing Contract

This indicator is used to measure the cost and time involved in resolving a commercial dispute through a local court of first instance. The enforcing contracts variable also measures the quality of the judicial process and the laws prevalent in the economy, and if the good practices measured by each economy promote the quality and efficiency in the court system.

What the indicator measures

Calendar days required to enforce a contract through a court

- i. It includes the time required to file the case as well as the time required to serve the case.
- ii. The time required for trial and then obtaining a judgement is also included.
- iii. Lastly, the time required to enforce the judgement, i.e. implementation.

Percentage of claim in terms of cost required to enforce a contract through court

- i. This head includes the attorney fees.
- ii. Secondly, the court fees
- iii. Any lastly, any enforcement fees.
- iv. (0-18) points have been assigned to the quality of judicial processes index.**
 - i. (1-5) have been assigned to the cost structure and proceedings.
 - ii. (0-6) have been assigned to case management.
 - iii. (0-4) have been assigned to court automation.
 - iv. (0-3) have been assigned to the Alternate dispute resolution.

3.2.10 Resolving Insolvency

The ‘Resolving Insolvency’ indicator is used to measure the costs, time and outcome in the event of insolvency, for the domestic legal entities. There are certain variables which are to

be calculated under this indicator... which are: - the recovery rate for creditors, the costs and procedures involved in liquidation debt enforcement proceedings. The present value of the amount received by the creditors is calculated with the help of lending rates from the international monetary fund, along with the data from central banks and the Economic Intelligence Unit.

What the indicator measures

The number of years required to recover the debt.

- i.** It is estimated in calendar years.
- ii.** It also includes the time required for appeals and requests for extension.

The percentage of debtor's estate as cost required to recover debt

- i.** It is measured as a percentage of the total value of estate.
- ii.** It also includes the court fees
- iii.** Fees of the administrators for insolvency.
- iv.** The fees of lawyer/lawyer's.
- v.** The fees of auctioneers and assessors.
- vi.** Other related fees.

Outcome

The outcome of the insolvency event i.e. whether the business assets are sold or whether it continues its operations.

Recovery rate

- i.** The recovery rate for creditors measures the percentage amount recovered by secured creditors.
- ii.** The maximum amount that can be recovered is based upon s "outcome" of firm i.e. survival or insolvency.
- iii.** The official costs involved in the process of insolvency are deducted.

- iv. Depreciation of furniture is also treated as required.
- v. The present value of the recovered debt amount is also calculated.

(0-16) scores are assigned to the strength of insolvency framework index

There are 4 component indices under the resolving insolvency indicator: -

- i. (0-3) scores for the index for commencement of proceedings.
- ii. (0-6) scores for the management of assets of the debtor’s index.
- iii. (0-3) scores for the index of reorganizing proceedings.
- iv. (0-4) scores are assigned to the creditor participation index.

3.4 Details of Survey on Perception of Doing Business in India

The present study used a structured questionnaire to collect data from various stakeholders’. A sample of 101 respondents was collected to understand their shared perception of doing business in India. The study used purposive sampling technique. The questionnaire developed has been pre-tested and validated through face validity as it was sent to a carefully selected sample of experts and it also has a sufficiently good reliability score. The section-wise reliability index, which is given in Table 3.1 reveals that the internal consistency based on the inter item correlation is quite good in all the sections:

The questionnaire has 4 sections. Section 1 covers indicators of Doing Business. Section 2 covers Facilities; Section 3 covers the Code of Culture and section 4 covers the Performance Indicator.

Table 3.1: Reliability

S No.	Name	No of Items	Cronbach Alpha
1.	Doing Business	10	0.797
2.	Facilities	6	0.707
3.	Code of Culture	7	0.874
4.	Performance Indicator	10	0.912
5.	Overall	33	0.902

The results highlight that all sections had reliability greater than 0.70. Overall reliability is 0.902. Hence it was considered to move ahead with analysis.

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

This chapter deals with the analysis and interpretation of the Doing business reports of previous years, in section 4.1. It is based on secondary data for all the individual parameters of the Ease of Doing Business with respect to the India economy. Section 4.2 deals with the questionnaire based analysis, regarding perception towards the ease of doing business in India.

Section 4.1: Ease of Doing Business Indicators

The first objective of the study is:

O1: To examine the current scenario regarding Doing Business indicators in India.

This objective has been achieved by using secondary data. The main purpose was to examine the current scenario regarding Doing Business indicators in India. Growth rates are also calculated on macroeconomic indices like GDP; International Business, viz. exports and Imports and FDI. A comparison of GDP of India with China a growing competitive country has also been given to lend depth to analysis. Section 4.2 covers these aspects.

Table 4.1: Ease of Doing Business Index of India and China

Years	Ranking (INDIA)	Ranking (CHINA)
2006	138	108
2007	134	93
2008	120	86
2009	122	89
2010	135	87
2011	134	91
2012	132	99
2013	132	96
2014	134	83
2015	142	80
2016	130	78
2017	100	78
2018	77	46

Currently, India is ranked 77 among the 190 economies considered by World Bank, and made a 23 rank jump from its previous rank i.e. 100th position in 2017. Before this India made a record 30 point jump from its rank in 2016, which was 130. In the last 2 years, India has improved its rank by 53 positions and 64 positions in the last 4 years.

Among the BRICS Nation India is ranked in the middle with South Africa at 82nd rank and Brazil at 109th. Russia and China are still ahead of India with rank 31 and 46 respectively. The reasons for improvement in India's ease of doing business index ranking from 100 to 77 in just one year is mainly due to two indicators that is first construction permits and secondly the trading across borders indicator.

India climbed from 181 in 2018 to a surprising 52 rank in 2019 with an astounding 129 rank jump in the Construction Permits indicator. It was found by the World Bank group that the two cities of India that is Delhi and Mumbai managed to shrink the number of days it took to give construction permit dramatically, from 144 days in the year 2017 to just 95 days in 2018. There was improvement even in the costs which came down from 23% of the building value in 2017 to a mere 5% of the building value in the current year.

There are two major reasons behind these significant changes firstly the new online system in Mumbai and the single window clearance system in Delhi for securing building permits. The Indian economy also made a slightly small quantum of improvement in the trading across borders indicator, which is from 146 in 2018 to 80 rank in 2019, a jump of 66 ranks. The World Bank found that the importers were spending 126 hours at the border complying with formalities in the year 2017-18, whereas in the current year they spent only 97 hours conducting the formalities. The exporters who spent 106 hours in the year 2017-18 for the border compliance procedures but now spending just 66 hours which led to huge savings for the exporters. Also there have been made significant upgrades in port infrastructure for the convenience of international trade a move to online documentation significantly reduces the time taken complying with all the procedures. Exporters are now given the facility of sealing their own containers, which also helps in reducing the time and costs.

India's performance evaluation on individual indicators

1. Starting a Business

S No	Years	Starting a business
1.	2014	156
2.	2015	164
3.	2016	155
4.	2017	156
5.	2018	137

The Starting a Business index changed for India in the recent years from rank 156 in 2014 to 137 in 2018, which is small improvement considering the level of reforms that have been put into action by the Indian government in these years

The improvements in this index are due to the following reasons:-

- i. The procedures for starting a new business have been reduced in both the cities considered by the World Bank. They have been reduced to 10 procedures in Delhi now from 11 procedures previously and from 12 procedures earlier to 10 procedures now in Mumbai.
- ii. The time required for completion of the above-mentioned procedures have also has also been reduced significantly from 29 and a half days to just 17 days in Mumbai and from 30 to 16 days in Delhi.
- iii. TAN, DIN AND PAN numbers have now merged with the SPICe form, which is now a single form required for company incorporation.
- iv. There is no requirement of inspection in Mumbai for registration under Shops and Establishment Act, 1948.
- v. The distance to Frontier has also been improved slightly from 75.40 to 80.96 on the scale of 0 to 100.

2. Dealing with Permits

India climbed from 181 in 2018 to a surprising 52 rank in 2019 with an astounding 129 rank jump in the construction permits indicator

Table 4.3: Dealing with permits

S No	Years	Dealing with permits
1.	2014	183
2.	2015	184
3.	2016	183
4.	2017	181
5.	2018	52

It was found by the World Bank group that the two cities of India that is Delhi and Mumbai manage to shrink the number of days it took to give construction permit dramatically, from 144 days in the year 2017 to just 95 days in 2018.

- i. There was improvement even in the costs which came down from 23.2% of the building value in 2017 to a mere 5.4% of the building value in the current year.
- ii. The number of procedures required has been reduced from 24 to 16 procedures in Delhi and from 37 to 20 procedures in Mumbai.
- iii. The time required to acquire the instruction format has also been reduced from one 157.5 to 91 days in Delhi and 128.5 to 99 days in Mumbai.
- iv. The distance to Frontier score has also been improved from 38.80 to 73.81.

3. Getting Electricity

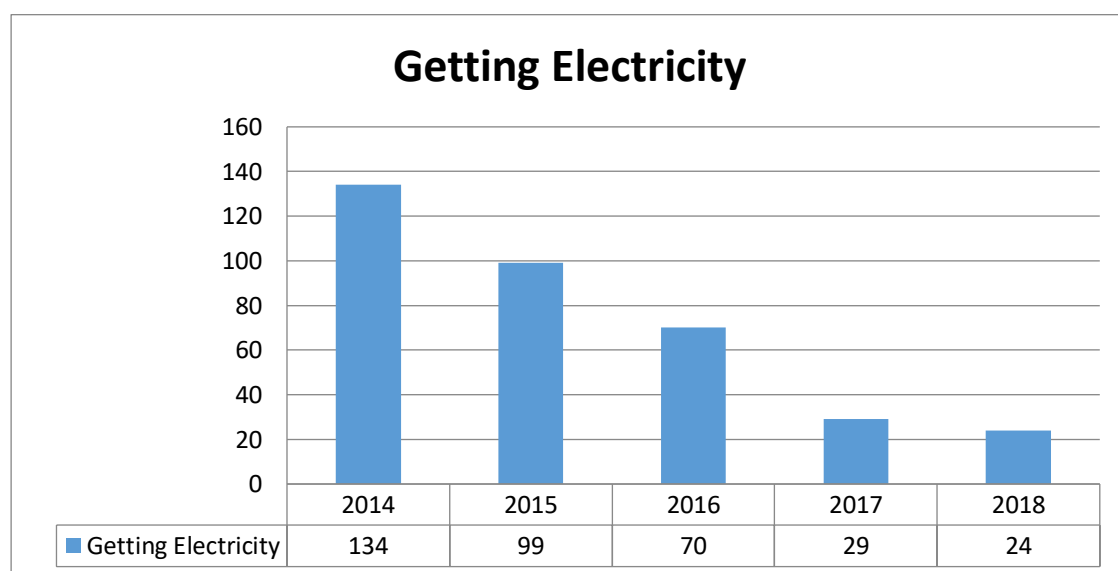


Figure 4.41: Getting Electricity

The Getting Electricity indicator has also improved quite significantly in recent years i.e. from 134 in 2014 to 24 in 2018.

- The number of procedures under getting electricity indicator have also been reduced. From 523 procedures in Delhi and from 524 procedures in Mumbai.
- Distance to Frontier school has also been improved from 85.21 to 89.15.

4. Registering Property

Table 4.5: Registering Property

S No	Years	Registering Property
1.	2014	115
2.	2015	138
3.	2016	138
4.	2017	154
5.	2018	166

Registering property indicator is one of the four indicators where India failed to improve its rank brother this is one of those indicated where the performance has deteriorated over the years, from being at 115th rank in 2014 to being at 166th rank in 2018 India fell about 40 ranks

One of the major reason for this is that where it takes about 69 days to register a piece of property in India and the cost is about 8% of its value of the property, the norms for OCED countries is just 20 days and that too at 4% the cost which is half of what it costs to register property in India. New Zealand which bags the 1st rank in the Ease of Doing Business index takes just one day to register a piece of property.

5. Getting credit

The getting credit indicator has also improved 7 places from 29th rank in 2017 to 22 rank in the year 2018.

- The distance to Frontier score has also improved from 75 to 80.

- Assam index named Strength of Legal Rights index has also improved from 8 to 9.
- According to the current law the secured creditors will be given priority over other claims during business liquidation that is the secured creditors will now be repaid first in case of liquidation

Table 4.6: Getting Credit

S No	Years	Getting Credit
1.	2014	30
2.	2015	36
3.	2016	42
4.	2017	29
5.	2018	22

6. Protecting Minority Investor

In the 'Protecting Minority' investors, though India's rank fell from 4th rank in 2017 to 7th ranking 2018 it's still a very good position among the 190 countries evaluated by the World Bank group.

Table 4.7: Protecting Minority Investor

S No	Years	Protecting Minority Investor
1.	2014	21
2.	2015	8
3.	2016	8
4.	2017	4
5.	2018	7

One of the reasons for this is that the capital market in India is regulated by SEBI which focuses on investor protection and market integrity. On the front of investor protection SEBI has mandated companies to formulate and disclose a dividend distribution policy, also it extended the applicability of BRR, which stand for Business Responsibility Reporting, to the top 500 listed companies in the Indian capital market. The business responsibility reporting

the companies are required to disclose their performance in areas such as economic responsibilities, social and economic development etc. In addition to the above safeguards and regulations SEBI has also imposed limitations on the fundraising by 'wilful defaulters'.

SEBI and market intermediaries such as stock exchanges mutual funds conducted and investor education and awareness programs in recent years.

The sub-indexes under Protecting Minority investor's index also show improvement:-

- India scored 8 points in the extent of disclosure index.
- 7 points in the extent of director liability index.
- And 7 points in the ease of shareholder suits.

Some other in measures for investor protection taken by SEBI are increasing the number of arbitration centres, rationing of knowing your customer (KYC) norms and simplifying import foreign portfolio investor norms for the debt market.

7. Paying Taxes

Table 4.8: Paying Taxes

S No	Years	Paying Taxes
1	2014	154
2	2015	156
3	2016	157
4	2017	119
5	2018	121

Paying taxes in another indicator where the performance of deteriorated from 119 in 2017 to 121 in 2018. Introduction of GST a number of indirect taxes have been replaced with a single indirect tax for the entire country which has made paying taxes is easier. The cost of paying taxes has also been reduced by diminishing the corporate income tax rate and employees' provident fund scheme rate paid by the employer.

An average businessman in Mumbai makes about 13 tax payments year and spends 278 hours in doing calculations for taxes, filing returns and fulfilling other formalities such as refunds,

etc. On the other hand, a typical Hong Kong based firm makes only 3 payments a year and spends about 49 hours paying taxes.

8. Trading Across Borders

Table 4.9: Trading Across Borders

S No	Years	Trading Across Borders
1	2014	122
2	2015	133
3	2016	133
4	2017	146
5	2018	80

In the trading across borders indicator, India improved its rank from 146 in 2018 to 80 rank in 2019, a jump of 66 ranks. The World Bank found that the importers were spending 126 hours at the border complying with formalities in the year 2017-18, whereas in the current year they spent only 97 hours conducting the formalities. The exporters who spent 106 hours in the year 2017-18 for the border compliance procedures but now spending just 66 hours which led to huge savings for the exporters. Also there have been made significant upgrades in port infrastructure for the convenience of international trade a move to online documentation significantly reduces the time taken complying with all the procedures. Exporters are now given the facility of sealing their own containers, which also helps in reducing the time and costs.

Documentary Compliance

Imports

- The number of hours have been reduced to 25 in 2018 from 58 hours in 2017 in Delhi and reduced to 35 from 65 hours in Mumbai.
- The cost has been reduced to \$100 in both the cities.

Exports

- Time has been reduced to 6 hours from 21 hours for Delhi and from 58 hours to 24 hours for Mumbai.

- The cost has been reduced from \$90 to \$80 for Delhi and from \$94 to \$75 for Mumbai.

Border compliance

Imports

- The number hours required for border compliance has been reduced significantly, from 262 hours to 92 hours for Delhi and from 267 to 102 hours for Mumbai.
- The cost has been reduced from \$550 and \$323 for Delhi and from \$536 and \$340 for Mumbai.

Exports

- The time for border compliance has been reduced from 125 hours to 77 hours for Delhi and from 85 hours to 54 hours for Mumbai.
- The cost for border compliance has been reduced from \$439 to 253 dollars for daily and from 348 dollars to 250 dollars for Mumbai.

The inspections have been reduced significantly as a result of a vigorous risk management system.

The traders can now file all the required documents electronically with the help of e-Sanchit.

9. Enforcing Contracts

Table 4.10: Enforcing Contracts

S No	Years	Enforcing Contracts
1	2014	186
2	2015	178
3	2016	178
4	2017	164
5	2018	163

India shows very slight improvement of merely one rank in the enforcing contracts indicators, from 164 in 2017 to 163 in 2018. In order to enforce a claim through the court in Mumbai it takes nearly 1445 days and the cost of enforcing such a claim is about 31% of the its value.

The OECD nations can enforce a claim in just 582 days and at the cost of 21% of the claim value.

The ease of doing business index report gives 10.3 points out of 18 to India's quality of judicial process, which means that it is quite poor.

10. Resolving Insolvency

Table 4.11: Resolving Insolvency

S No	Years	Resolving Insolvency
1.	2014	135
2.	2015	136
3.	2016	136
4.	2017	103
5.	2018	108

The resolving insolvency indicator was one of the indicators that did not witness an improvement when compared with the 2017 rank. The drop in the rank here could be due to changes in policies and reforms undertaken by other countries, rather than India.

Gross Domestic Product

Table 4.12: GDP of India and China

	\$ Billion	\$ Billion
Years	GDP (INDIA)	GDP CHINA
2006	0.949	2.753
2007	1.24	3.554
2008	1.22	4.605
2009	1.36	5.109
2010	1.68	6.106
2011	1.87	7.575
2012	1.84	8.565
2013	1.86	9.607
2014	2.04	10.482
2015	2.1	11.065
2016	2.27	11.190
2017	2.6	12.237
Growth Rate	1.62	1.76

China is amongst India's main rivals as well as a major partner in the world when it comes to trade. A comparison between India and China's GDP for a period of 12 years, starting 2006 to 2017 is shown through Table 4. India and China are leading economies of Asia in terms of global output. As the table shows that the average annual growth rate of China (1.76) is slightly higher than India's at 1.62, but it is expected that in the coming years the rate of growth of India's GDP will be even more than that of China's GDP.

Table 4.13: Growth Rate of GDP

	INDIA	CHINA
Years	Growth rate (per year)	Growth rate(per year)
2006	-	-
2007	0.3066	0.29
2008	-0.0161	0.29
2009	0.1148	0.11
2010	0.2353	0.19
2011	0.1131	0.24
2012	-0.0160	0.13
2013	0.0109	0.12
2014	0.0968	0.09
2015	0.0294	0.06
2016	0.0810	0.01
2017	0.1454	0.09

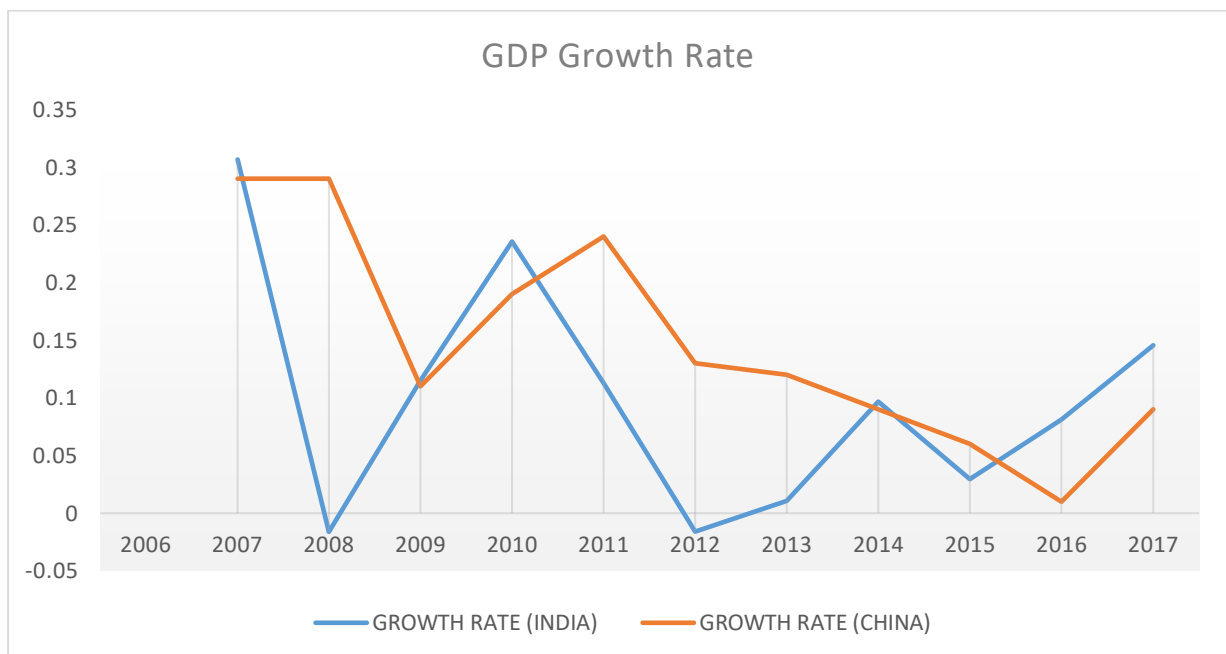


Fig 4.12: Growth rate of GDP

Table 4.14 Capital Market

Years	Open	High	Low	Close
2006	9,422.49	14,035.30	8,799.01	13,786.91
2007	13,827.77	20,498.11	12,316.10	20,286.99
2008	20,325.27	21,206.77	7,697.39	9,647.31
2009	9,720.55	17,530.94	8,047.17	17,464.81
2010	17,473.45	21,108.64	15,651.99	20,509.09
2011	20,621.61	20,664.80	15,135.86	15,454.92
2012	15,534.67	19,612.18	15,358.02	19,426.71
2013	19,513.45	21,483.74	17,448.71	21,170.68
2014	21,222.19	28,822.37	19,963.12	27,499.42
2015	27,485.77	30,024.74	24,833.54	26,117.54
2016	26,101.50	29,077.28	22,494.61	26,626.46
2017	26,711.15	34,137.97	26,447.06	34,056.83

Source – <https://www.bseindia.com>

Table 4.13 presents Indian capital market from Bombay Stock Exchange, from the year 2006 to 2017. It is visible that as the Doing Business index of India is improving the capital market is also showing huge success, with the points increasing every year, with an exception of 2008-09 year. But even for this downfall any factor from within the country was not responsible rather, the reason was global recession.

The improvement in India's Doing Business rank is mainly due to two factors, one of which is the trading across borders which means that more number of foreign companies enter into India, therefore also helps to improve the investment situation in the country.

Table: 4.14 International Trade

Years	EXPORTS(\$ Billion)	IMPORTS(\$ Billion)
2006	76.23	113.10
2007	112.00	187.90
2008	176.40	305.50
2009	168.20	274.30
2010	201.00	327.00
2011	299.40	461.40
2012	298.40	500.40
2013	313.30	467.50
2014	321	466
2015	316	461
2016	262	380
2017	299.30	426.80
Growth Rate	1.44	1.35

Table 4.14 shows the data related to international trade on India, since 2006. The imports stood at rupees 426.80 USD and exports at 299.39 billion USD, for the year ended 2017. The exports grew at an average of 1.44% per year and imports grew at an average of 1.35% per year.

As discussed above, the improvement in India's Doing Business rank is mainly due to two factors, one of which is the trading across borders which means that more number of foreign companies enter into India, therefore also helps to improve the investment situation in the country. This leads to an increase in the international trade of the country. As stated by the Prime Minister Narendra Modi, the government's focus is on creating India a manufacturing hub, similar to the Chinese economy, it will result in further improvement in the international trade of India.

As of 2018, World Bank found that where the importers were spending 126 hours complying with formalities in the previous year, now they were spending only 97 hours conducting the formalities.

The exporters who spent 106 hours in the year 2017-18 for the border compliance procedures but now spending just 66 hours which led to huge savings for the exporters. Also there have

been made significant upgrades in port infrastructure for the convenience of international trade a move to online documentation significantly reduces the time taken complying with all the procedures. Exporters are now given the facility of sealing their own containers, which also helps in reducing the time and costs.

Table 4.15 :FDI data

	in \$ million
Years	Year wise FDI inflow
2006	15,700
2007	19,425
2008	22,697
2009	22,461
2010	14,939
2011	23,473
2012	18,286
2013	16,054
2014	24,748
2015	36,068
2016	36,317
2017	37,360
2018	38,000

Table 4.15 presents FDI inflow data for the Indian economy form the year 2006 to the year 2018. It can be seen from the above table that the inflow of FDI has increased consistently over the years. Most significant increase in FDI was seen by the service sector followed by computer software and hardware sector on the 2nd place and 3rd position was bagged by the telecommunications sector. There are many reasons for this consistent improvement, some of which are the government's initiatives to improve FDI like Draft National e-Commerce Policy and therevised FDI rules related to e-commerce. The government also increased the

FDI limit in many sectors and allowed 100% FDI in most of the sectors, such as single brand retail through automatic route, Real Estate Broking Services and Insurance intermediaries.

4.2 Survey Based Analysis

This section depicts the survey based analysis.

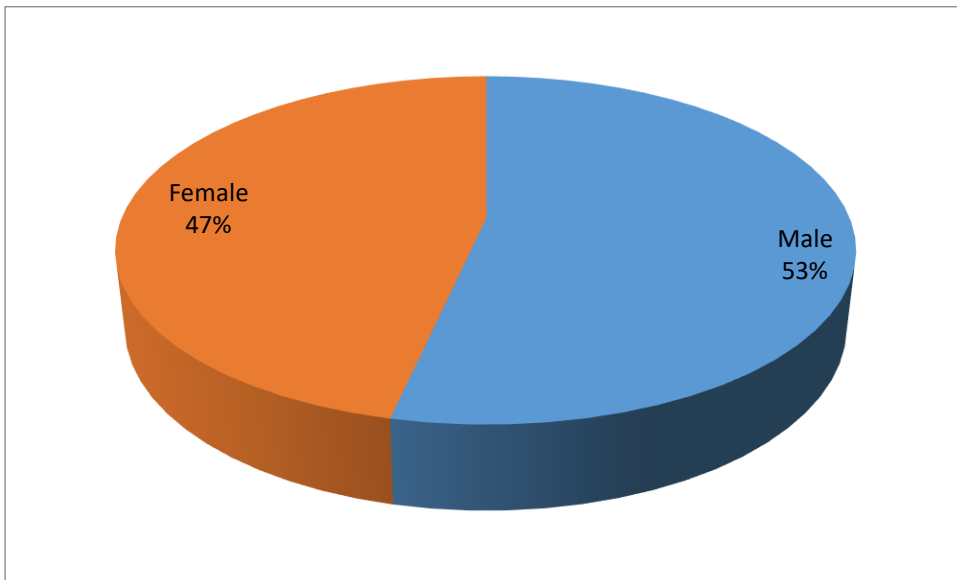


Figure 4. Gender-wise Analysis

The survey form “CHANGING PERCEPTIONS OF DOING BUSINESS IN INDIA –A SHARED VISION OF STAKEHOLDERS” was filled by 47% females and 53% males. This also shows that the gender gap is now reducing.

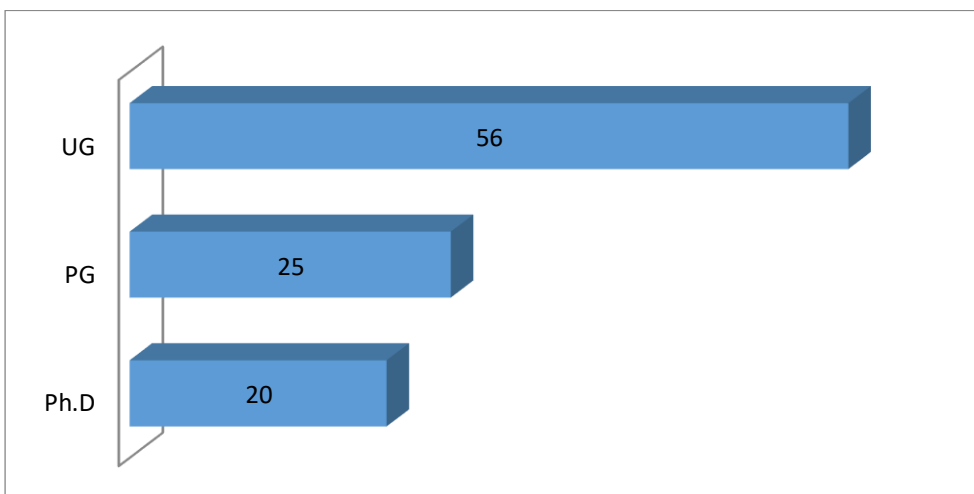
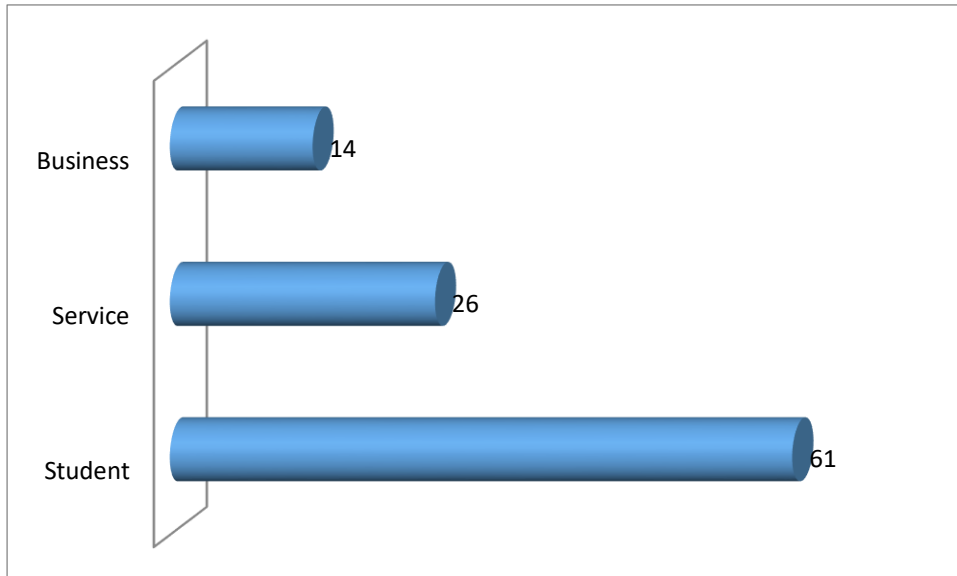


Figure 4. : Education-wise Analysis

On the front of education, the survey form used in this study was filled by 56% of individuals having an Undergraduate degree, 25% individuals having a Post Graduate degree and 20% individuals having a Doctorate degree.



Out of the total individuals who filled the survey form, 61% individuals were students, 26% were engaged in service sector and 14% were engaged in the business sector.

O2: To analyse Gender-wise perception of Doing Business indicators in India.

ANOVA was used to find whether there is a significant difference in the perception of males and females for parameters of doing business.

Table 4: Gender-wise ANOVA for Indicators of Doing Business

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
1.) Ease of starting a new business in India.	Between Groups	2.039	1	2.039	1.991	.161
	Within Groups	101.387	99	1.024		
	Total	103.426	100			
2.) Ease of arranging minimum funds required to cover costs of a new business.	Between Groups	.312	1	.312	.340	.561
	Within Groups	90.915	99	.918		
	Total	91.228	100			
3.) Ease of getting construction permits.	Between Groups	2.265	1	2.265	2.541	.114
	Within Groups	88.270	99	.892		
	Total	90.535	100			
4.) Ease of acquiring and registering land for new business.	Between Groups	.201	1	.201	.201	.655
	Within Groups	98.967	99	1.000		
	Total	99.168	100			
5.) Ease of getting electricity	Between Groups	.004	1	.004	.005	.946
	Within Groups	75.759	99	.765		
	Total	75.762	100			
6.) Security regarding interests of minority investors	Between Groups	1.756	1	1.756	2.161	.145
	Within Groups	80.461	99	.813		
	Total	82.218	100			
7.) Ease of paying taxes	Between Groups	.683	1	.683	.635	.427
	Within Groups	105.477	98	1.076		
	Total	106.160	99			
8.) Ease of getting credit	Between Groups	9.096	1	9.096	9.928	.002**
	Within Groups	90.706	99	.916		
	Total	99.802	100			
9.) Ease of trading across borders.	Between Groups	2.437	1	2.437	3.408	.050*
	Within Groups	70.073	98	.715		
	Total	72.510	99			
10.) Ease of resolving insolvency, efficiently.	Between Groups	3.669	1	3.669	6.276	.014*
	Within Groups	57.291	98	.585		
	Total	60.960	99			

ANOVA results as shown through Table 4 highlights that there is a significant difference in males and females in respect of 3 indicators. These three indicators are: ease of getting electricity indicator, ease of trading across borders indicators and ease of resolving

insolvency indicator. For other seven indicators there is similarity of perception. This study is based upon the 1st part of the survey form, which consisted of 10 questions based upon the 10 indicators of the Ease of Doing Business index.

O3: To analyse Occupation-wise perception of Doing Business indicators in India.

Table 4: Occupation-wise ANOVA for Indicators of Doing Business

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
1.) Ease of starting a new business in India.	Between Groups	.034	2	.017	.016	.984
	Within Groups	103.392	98	1.055		
	Total	103.426	100			
2.) Ease of arranging minimum funds required to cover costs of a new business.	Between Groups	3.971	2	1.985	2.230	.113
	Within Groups	87.257	98	.890		
	Total	91.228	100			
3.) Ease of getting construction permits.	Between Groups	.127	2	.063	.069	.934
	Within Groups	90.408	98	.923		
	Total	90.535	100			
4.) Ease of acquiring and registering land for new business.	Between Groups	5.845	2	2.922	3.069	.0500*
	Within Groups	93.323	98	.952		
	Total	99.168	100			
5.) Ease of getting electricity	Between Groups	.706	2	.353	.461	.632
	Within Groups	75.057	98	.766		
	Total	75.762	100			
6.) Security regarding interests of minority investors	Between Groups	.688	2	.344	.413	.663
	Within Groups	81.530	98	.832		
	Total	82.218	100			
7.) Ease of paying taxes	Between Groups	2.101	2	1.051	.979	.379
	Within Groups	104.059	97	1.073		
	Total	106.160	99			
8.) Ease of getting credit	Between Groups	3.521	2	1.760	1.792	.172
	Within Groups	96.281	98	.982		
	Total	99.802	100			
9.) Ease of trading across borders.	Between Groups	1.483	2	.741	1.012	.367
	Within Groups	71.027	97	.732		
	Total	72.510	99			
10.) Ease of resolving insolvency, efficiently.	Between Groups	1.427	2	.713	1.162	.317
	Within Groups	59.533	97	.614		
	Total	60.960	99			

The occupation-wise analysis was also based upon the 1st part of the survey form, which consisted of 10 questions based upon 10 indicators of the Ease of Doing Business index. For

this purpose there was also a mandatory question in the beginning of the survey form asking about the occupation of the individual, having options – ‘Student’, ‘Service’, or ‘Business’. The survey form was filled by 61% students, 26% engaged in services and 14% of business individuals. It was found that in case of occupation, there is only one indicator which is statistically significant, the ease of acquiring and registering land for new business.

O4: To analyse Education-wise perception of Doing Business indicators in India.

Education wise ANOVA

ANOVA						
		Sum of Squares	Df	Mean Square	F	Sig.
1.) Ease of starting a new business in India.	Between Groups	8.499	2	4.250	4.387	.015*
	Within Groups	94.926	98	.969		
	Total	103.426	100			
2.) Ease of arranging minimum funds required to cover costs of a new business.	Between Groups	2.174	2	1.087	1.196	.307
	Within Groups	89.054	98	.909		
	Total	91.228	100			
3.) Ease of getting construction permits.	Between Groups	4.441	2	2.220	2.527	.085
	Within Groups	86.094	98	.879		
	Total	90.535	100			
4.) Ease of acquiring and registering land for new business.	Between Groups	2.763	2	1.382	1.405	.250
	Within Groups	96.405	98	.984		
	Total	99.168	100			
5.) Ease of getting electricity	Between Groups	.281	2	.140	.182	.834
	Within Groups	75.482	98	.770		
	Total	75.762	100			
6.) Security regarding interests of minority investors	Between Groups	.962	2	.481	.580	.562
	Within Groups	81.256	98	.829		
	Total	82.218	100			
7.) Ease of paying taxes	Between Groups	1.580	2	.790	.733	.483
	Within Groups	104.580	97	1.078		
	Total	106.160	99			
8.) Ease of getting credit	Between Groups	1.946	2	.973	.974	.381
	Within Groups	97.856	98	.999		
	Total	99.802	100			
9.) Ease of trading across borders.	Between Groups	5.691	2	2.846	4.131	.019*
	Within Groups	66.819	97	.689		
	Total	72.510	99			
10.) Ease of resolving insolvency, efficiently.	Between Groups	2.181	2	1.090	1.799	.171
	Within Groups	58.779	97	.606		
	Total	60.960	99			

The education wise analysis was also based upon the 1st part of the survey form, which was filled by 56% Undergraduates, 25% Post Graduates and 20% Ph.D. holders. On the basis of Education wise analysis 2 variables come out as statistically significant – the Starting a new business in India and the Trading across Borders Indicator,

SEM-PLS Model Relation of Doing Business in India with Economic Growth

O5: To design a framework relating Doing Business in India with economic performance.

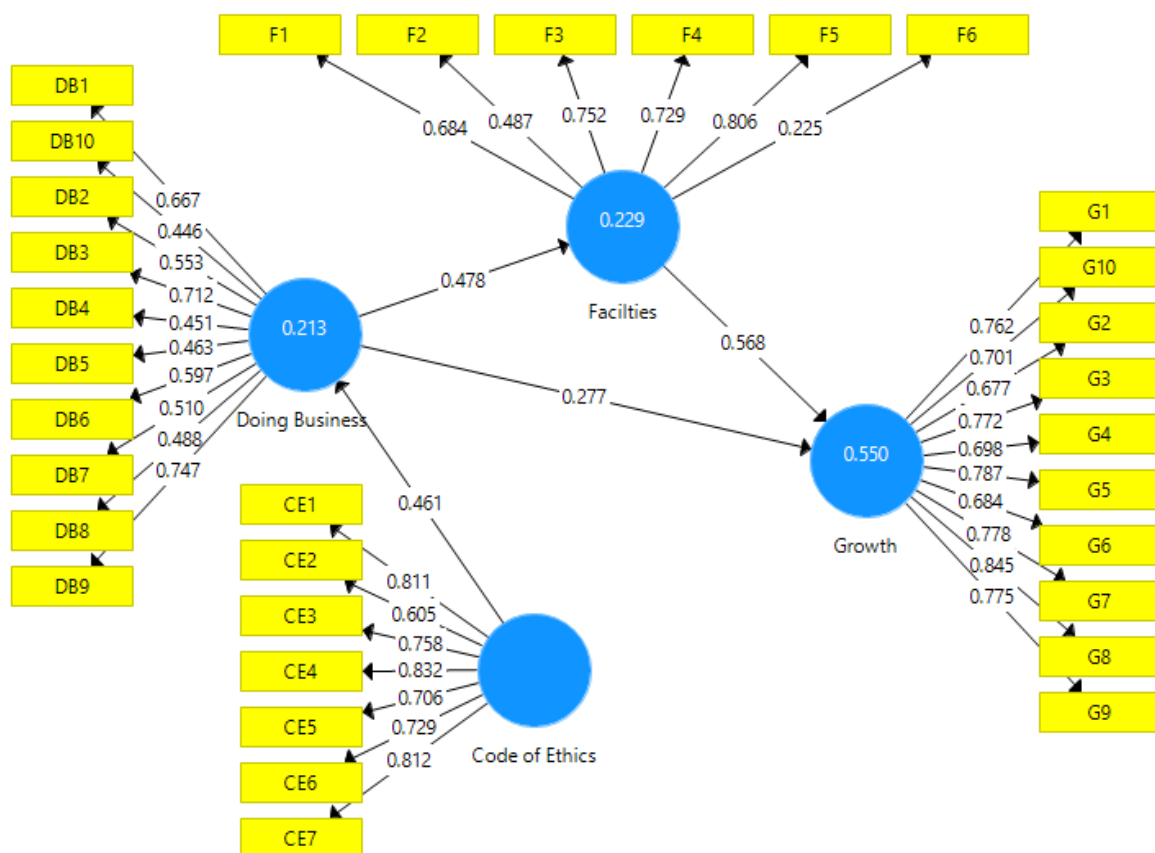


Figure 3: SEM-PLS Model Relation of Doing Business in India with Economic Growth

H1: Code of Ethics Influences Doing Business in India.

As seen from results, code of Ethics influences doing Business in India. The beta coefficient is 0.461 ($t=6.905$; $p \leq .001$). Hence, H1: Code of Ethics Influences Doing Business in India is accepted. Of late there is increased emphasis on code of ethics. The results of this study highlight that code of ethics plays an important role in doing business in India.

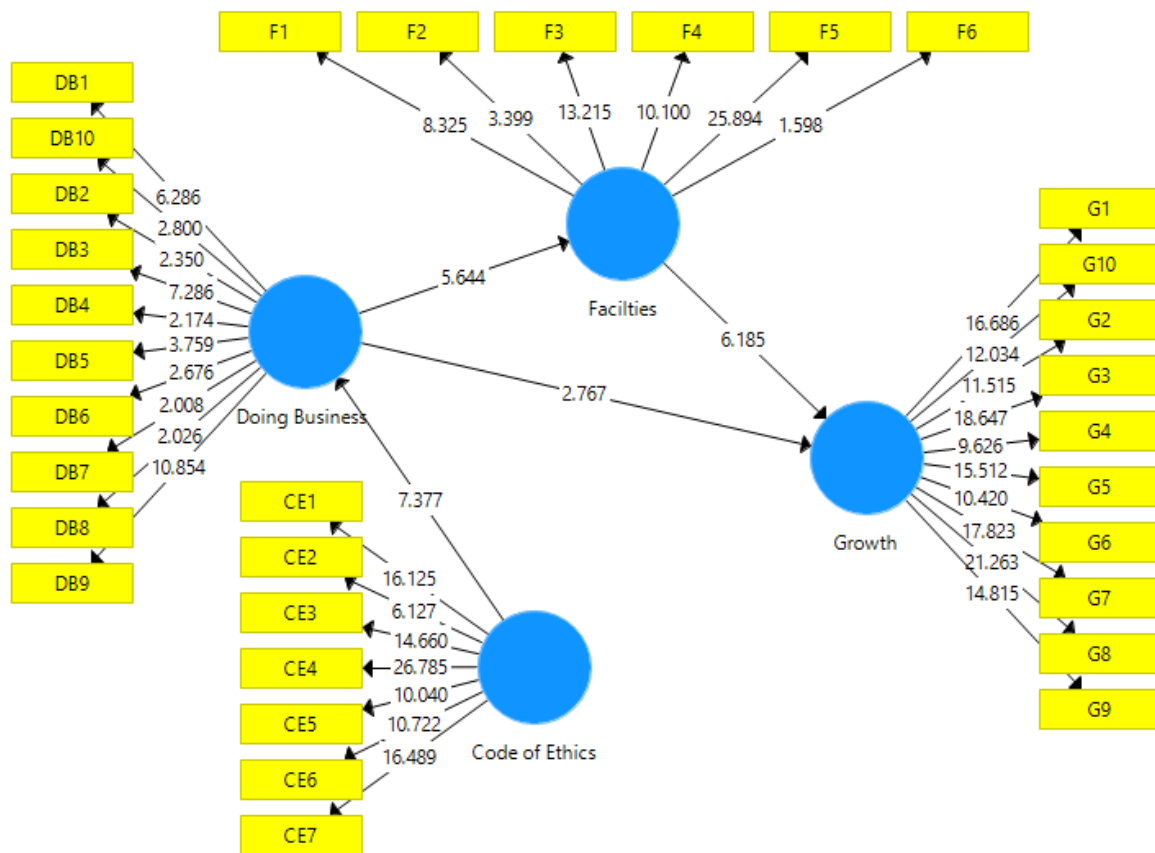


Figure 4: SEM-PLS Model (Bootstrapping) Relation of Doing Business in India with Economic Growth

	Code of Ethics	Doing Business	Facilities	Growth
Code of Ethics		0.461		
Doing Business			0.478	0.277
Facilities				0.568
Growth				

H2: Economic Growth is influenced by Business in India parameters.

H3: Basic Facilities mediates between Doing Business in India and Economic Growth.

The results highlight that Doing Business in India parameters does influence economic growth. However, with facilities as mediator, the explanatory power has increased. The

value of R^2 is 0.550 and Adjusted R^2 is 0.540. Thus, ease of doing business with facilities as mediator enhances the results.

In results of Blindfolding we can find SSO and SSE estimates. In addition, $1 - SSE/SSO$ is the predictive relevance, Q^2 , which is >0 is predictive relevance. The value is 0.22 is greater than zero and thus blindfolding results are okay.

CHAPTER 5

CONCLUSION

This chapter deals with the results and findings of the study. Major Findings are presented in section 5.1. It also focuses on analysing the objectives and how these were achieved in section 5.2: revisiting the objectives. Section 5.3 covers the implications of the study. Section 5.4 covers limitations of this study and finally section 5.5 highlights the scope for future studies.

Section 5.1: Major Findings

Major findings of this study based upon the primary data and its analysis are:-

(i) Based upon the Gender analysis -There is a significant difference in males and females in respect of 3 indicators. These three indicators are: ease of getting electricity indicator, ease of trading across borders indicators and ease of resolving insolvency indicator. For other seven indicators there is similarity of perception

(ii) Based upon occupations - there is only one indicator which is statistically significant, the ease of acquiring and registering land for new business.

(iii) Based upon education – there is significant difference in males and females in respect of 2 indicators, – the Starting a new business in India and the Trading across Borders Indicator.

(iv) Based upon the analysis of the model prepared through SEM-PLS software, it is observed that, the growth variable saw a multiple fold increase when the Facilities variable was introduced, which means that business can experience a nearly 3 fold improvement if the proper facilities are provided.

Section 5.2: Revisiting the objectives

The present study had been undertaken with the following Objectives:

O1: To analyse the current scenario regarding Doing Business indicators in India.

This objective was achieved through the study of both primary as well as secondary data. The secondary data included the Ease of Doing Business Index and all of its sub indicators, the

GDP data, the FDI data and the International Trade data. For better understanding the data of India is compared to the data of China. It was observed that even though the GDP of China was higher, it was India's growth rate which was slightly higher.

The primary data included a survey based analysis. The survey form was divided into 4 parts – the first part included 10 questions related to the Ease of Doing Business Indicator, the 2nd part consisted of 6 questions related to facilitating factors, 3rd part consisted of 7 questions related to the Code of Ethics, and the last part included 10 questions based on performance evaluation of the Indian Economy.

O2: To analyse Gender-wise perception of Doing Business indicators in India.

The gender wise analysis was done on the foundation of the questionnaire based secondary data. Out of the total of 101 individuals 53% were males and 47% were females. The result of gender based study was, as shown Table 4 shows that there is a significant difference in males and females in respect of 3 indicators. The three indicators are: ease of getting electricity indicator, ease of trading across borders indicators and ease of resolving insolvency indicator. For other seven indicators there is similarity of perception.

O3: To analyse Occupation-wise perception of Doing Business indicators in India.

The survey form was filled by 14% business individuals, 26% engaged in the services sector and 61% of students. In case of occupation based analysis, it was found that there is only one indicator which is statistically significant, the ease of acquiring and registering land for new business.

O4: To analyse Education-wise perception of Doing Business indicators in India.

Out of the total individuals who filled the survey form 56% individuals had an Undergraduate degree, 25% had a Post Graduate degree and 20% had a Doctorate degree.

O5: To design a framework relating Doing Business in India with economic performance.

After conducting the research study above, an SEM-PLS Model (Bootstrapping) Relation of Doing Business in India with Economic Growth. The results of this model highlighted that “facilities” act as a mediator between “doing business” and “Growth”. It was observed that with the improvement in the Doing Business Index, growth can be achieved but, it was also observed that when the facilities variable was introduced, growth saw a multiple fold increase, about 3 times as compared to the growth without “facilities” variable.

Section 5.3: Implications of the Study

The main implication of this research study is to establish and analyse the relationships between the Ease of Doing Business index, growth and other related factors. The primary data has been collected through a survey forms. The variables in the survey – Education, Occupation, Code of Ethics, Facilities and Gender, have been assessed individually and in relation to each other as well.

A model has been formulated through the SEM-PLS software, namely “Relation of Doing Business in India with Economic Growth”. It is observed in the model that the Facilities variable leads to multiple fold improvement in growth as compared to growth without the variable Facilities.

Section 5.4: Limitations of the study

The current study has a few limitations – the first and foremost is that the purpose of this study was only research survey. This study was not conducted to bring about a change in the economy, rather the main motive was to study the current and past scenario and forecast a model for the future.

2nd limitation of this study is that only local individuals were considered as volunteers to take part in the study, i.e. only the people of the city of Patiala.

Another limitation was that individuals from all the sectors were considered, service, education and business, and the sample size was relatively small.

Section 5.5: Future scope

The future scope of the study can be the increase in the sample size. The research can be extended to an all India level study, where it can also be used to make inter-state comparisons and the states' individual trade laws can be addressed. Secondly, the study can be further improved by taking the sample only from the business sector.

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CHANGING PERCEPTION OF DOING BUSINESS IN INDIA: A SHARED VISION OF STAKEHOLDERS

I, Sukhpal Singh Dhaliwal, a student of M.A. Economics in Thapar Institute of Engineering and Technology, am conducting a research on "Changing Perception of Doing Business in India: A Shared Vision of Stakeholders."

As part of my M.A. Dissertation, I need to collect and record the required data from you. The information provided by you in this questionnaire will be used for research purpose only. It will not be used in a manner which would allow identification of your individual responses.

Thank you very much for agreeing to participate in this survey

* Required

Demographic Profile

1. Name :- *

2. Age :- *

Mark only one oval.

- 20-25
 25-30
 30-35
 36 onwards

3. Gender *

Mark only one oval.

- Male
 Female

4. Education *

Mark only one oval.

- Matric
 12th
 UG
 PG and above

5. Occupation *

Mark only one oval.

- Student
 Business
 Service
 Other

Ease of doing business

Rate the following on the scale of 1 to 5 with 1 as least priority and 5 with highest priority.
(Example...1 being "difficult".. 3 being "moderate" and 5 being "easiest")

6. 1.) Ease of starting a new business in India.

Mark only one oval.

	1	2	3	4	5	
Difficult	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Easy

7. 2.) Ease of arranging minimum funds required to cover costs of a new business.

Mark only one oval.

	1	2	3	4	5	
Difficult	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Easy

8. 3.) Ease of getting construction permits.

Mark only one oval.

	1	2	3	4	5	
Difficult	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Easy

9. 4.) Ease of acquiring and registering land for new business.

Mark only one oval.

	1	2	3	4	5	
Difficult	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Easy

10. 5.) Ease of getting electricity

Mark only one oval.

	1	2	3	4	5	
Difficult	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Easy

11. 6.) Security regarding interests of minority investors

Mark only one oval.

	1	2	3	4	5	
Difficult	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Easy

12. 7.) Ease of paying taxes

Mark only one oval.

	1	2	3	4	5	
Difficult	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Easy

19. 4.) Dealing with legal issues

Mark only one oval.

	1	2	3	4	5	
Poor Quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent quality

20. 5.) Easy process of obtaining environmental clearances

Mark only one oval.

	1	2	3	4	5	
Difficult	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Easy

21. 6.) Presence of internet facilities

Mark only one oval.

	1	2	3	4	5	
Poor Quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent quality

Code of Ethics

Rate the following on the scale of 1 to 5 with 1 as least priority and 5 with highest priority.

22. 1.) Is the code of ethics maintained satisfactorily while starting a new business in India

Mark only one oval.

	1	2	3	4	5	
Strongly Disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly Agree

23. 2.) Do the organisations have a written ethics policy

Mark only one oval.

	1	2	3	4	5	
Strongly Disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly Agree

24. 3.) Are ethical behaviours rewarded in business

Mark only one oval.

	1	2	3	4	5	
Strongly Disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly Agree

25. 4.) Do firms violating the code of ethics get penalized?

Mark only one oval.

	1	2	3	4	5	
Strongly Disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly Agree

32. 4.) Poverty reduction

Mark only one oval.

	1	2	3	4	5	
Poor Performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent Performance

33. 5.) Employment generation

Mark only one oval.

	1	2	3	4	5	
Poor Performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent Performance

34. 6.) Infrastructural development

Mark only one oval.

	1	2	3	4	5	
Poor Performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent Performance

35. 7.) Industries and related activities

Mark only one oval.

	1	2	3	4	5	
Poor Performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent Performance

36. 8.) Manufacturing sector

Mark only one oval.

	1	2	3	4	5	
Poor Performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent Performance

37. 9.) Agricultural sector

Mark only one oval.

	1	2	3	4	5	
Poor Performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent Performance

38. 10.) Transparency and business regulations

Mark only one oval.

	1	2	3	4	5	
Poor Performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent Performance

