



# COMPARITIVE STUDY OF EASE OF DOING BUSINESS IN G7 COUNTIES AND INDIA

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## **INTRODUCTION**

When India adopted an open market economy, captions such as “Economic Liberalization”, “Globalization”, and “Foreign Direct Investment (FDI)” became the most widely used terms. This policy decision for economic reform in the development of infrastructures like transport, education, energy sector tax reform, and investment in the health sector laid the foundation for growth, now there needs to be rapid growth and achieving efficiency and a goal to lead in different industrial sectors to meet the ambitious goal of a five trillion-dollar economy.

The ease with which doing business in any nation can be done is a quantitative indicator of the regulation in the nation and the protection of rights to property. There are ten areas of business regulation in doing business index.

1. Ease in starting a business,
2. To deal with building permits,
3. Access to electricity,
4. To register property,
5. Getting a loan,
6. To protect a few investors,
7. To pay taxes,
8. Cross-border trade,
9. Enforcing contracts, as well
10. Debt settlement- included in simplifying business points and simplifying the business process.

## **LITERATURE REVIEW**

Multiple papers have been published on the ease of doing business while the major focus has been on the Foreign direct investment that goes directly in relation to the national index ranking on the ease of doing business.

In this paper, I have laid emphasis on the changes that have been brought about in the different factors of ease of doing business in INDIA. The paper also gives a comparative look at the standard and differences in the ranking of the highly developed G7 countries.

India's goal of becoming a dominant force in the global market lies in its ability to be a highly attractive market for all major industries. This study critically deciphers the spectrum of thought and the studies done by various papers in order to analyse the significance of Ease of Doing Business and to hopes to highlight the factors that have greatly been beneficial for the nation and also certain steps that can be taken looking at the success of the developed economies, keeping in mind that the Doing Business Index cannot be the sole focus that can hurt India's self-interest

## **STARTING A BUSINESS**

Rank	Country	Continent	World Rank (2020)
1	Canada	North America	3
2	UK	Europe	18
3	France	Europe	37
4	USA	North America	55
5	Italy	Europe	98
6	Japan	Asia	106

7	Germany	Europe	125
8	India	Asia	136

India still is one of the most challenging places to start a business in as compared to the likes of Canada, the UK, and France to open a business is fairly simple and can be done in a few steps.

As compared to 2019 there has been a one-position improvement which is not that significant but Recent changes come as welcome steps as given below but still are a long way for a new business to start and thrive without too much government intervention.

Permanent Account Number, Dedicated Account, and Tax Collection Number, and the director's ID number is now linked to a single company submission form.

Completion of the deposit fee for companies with authorized funds amounting to Rs. Fifteen lakhs.

The five-page form and other attachments attached to maintain the Company's name and the Department of Business Affairs have been simplified into a three-part web service to be completed.

Registration under the Employee Provident Fund Organization and Employee State Insurance Corporation is available at the Sram Suvidha portal as a standard online service without physical contact.

There is no need to re-register under the Shops & Establishment Act in the Mumbai and Delhi areas.

### To Deal with Construction Permits

Rank	Country	Continent	World Rank (2020)
1	Japan	Asia	18
2	Uk	Europe	23
3	Usa	North America	24
4	India	Asia	27
5	Germany	Europe	30
6	France	Europe	52
7	Canada	Europe	64
8	Italy	Europe	97

India has made significant strides in handling of construction permits. In 2019 the country ranked 52 and improved to 27 as of 2020 these improvements come in light of recent changes made that have led it to be ranked above the likes of France, Canada, and Italy.

Delhi Municipality companies, together with the Greater Mumbai Municipal Corporation, have introduced an immediate building permit issuance process with features such as the Common Application Form (CAF), the provision made for digital signature applications, and to the online processing of plans for building.

Delhi has the same building codes that allow for the risk-based classification of different types of buildings. Provides for the approved approval of plans for punitive buildings within 30 days.

The time has been reduced from 128 to 98 days in Mumbai and from 157 to 113 days in Delhi between Doing Business Reports 2018 and 2020 for construction permits.

In Delhi the total number of processes has been reduced to 11 and 19 in Mumbai. The cost to obtaining permits for building has gone down from 23% to 5.5% of per capita income.

### **Trading Across Borders**

<b>Rank</b>	<b>Country</b>	<b>Continent</b>	<b>World Rank (2020)</b>
1	Italy	Europe	1
2	France	Europe	1
3	UK	Europe	33
4	USA	North America	39
5	Germany	Europe	42
6	Canada	North America	51
7	Japan	Asia	57
8	India	Asia	68

In trading across borders India is fairly average with European countries doing trade in a very efficient way, especially with its neighbors. In 2019 India ranked 80 whereas in 2020 it improved to 68.

Central Board of Excise and Customs has initiated the Indian Customs Single Window Project to facilitate the growth of trade. Exporters and Importers can digitally file their Customs clearance documents without much trouble. The government of

India has also launched the PCS1x which aims to bring together 27 stakeholders from the marine in one place.

The number of documents that were mandatory required for tax purposes for both imports and exports, has been reduced three times already.

An online application system, called e-sanchit allows traders to enter all of their documents through online mode.

The time and cost of export companies has been brought down by the electronic closure of the container in the industry.

The management of computer risk system has been transparent.

### **Enforcing Contracts**

<b>Rank</b>	<b>Country</b>	<b>Continent</b>	<b>World Rank(2020)</b>
1	Germany	Europe	13
2	France	Europe	16
3	Usa	North America	17
4	Uk	Europe	34
5	Japan	Asia	50
6	Canada	North America	100
7	Italy	Europe	122
8	India	Asia	163

India remains one of the lowest-ranked countries when it comes to enforcing the contract. There was no improvement in the

doing business index since 2019. The German, French and the United States among the top countries in the world.

Some improvements seen but the effect have yet to be fruitful. These changes are;

In Mumbai and Delhi Commercial Courts and the Supreme Court of Appeal have been established.

The National Judicial Data Grid (NJDG) provides details of cases including case registration, motive list, case status and regional court orders / judicial orders / judgments

Through new automated system judges are being appointed in Delhi and Mumbai. Electronic lawsuits have been filed in Delhi and Mumbai regional courts.

There has been a creation of case management tool with the function of sending a notice to attorneys, the reviewing of court judgments, the status of cases, generating court orders, automatically etc.

### **Getting Credit**

<b>Rank</b>	<b>Country</b>	<b>Continent</b>	<b>World Rank (2020)</b>
1	Usa	NorthAmerica	4
2	Canada	North America	15
3	India	Asia	22
4	Uk	Europe	37
5	Germany	Europe	48
6	Japan	Asia	94



7	France	Europe	104
8	Italy	Europe	119

A geographically integrated registry of electronics named as the Central Registry of Securitization Asset Reconstruction and Security Interest is there to provide for the registration of a different type of property. As of 2017 it has also provided the debtor a search by name.

Central Registry Regulations and the Protection and Restructuring of Financial Assets and Enforcement of Securities 2011 were corrected to include a type of costs, including collateral interest - real estate mortgages, forecasting of equipment and equipment, shares, debt consolidation of books or receipts, intangible assets, patents, patents, trademarks, unbuilt property.

Now incorporating immovable and intangible in the location description, allows CERSAI to register these additional cost in terms of electricity India has performed very well. The country has moved up two ranks from 2019 and is ahead of countries like the United States and Italy. Some key changes made over the years are;

### Getting Electricity

Rank	Country	Continent	World Rank (2020)
1	Germany	Europe	5
2	UK	Europe	8
3	Japan	Asia	14
4	France	Europe	17
5	India	Asia	22

6	Italy	Europe	38
7	USA	North America	64
8	Canada	North America	124

Electricity connections are now available within seven days if no Right of Way is needed and within the next fifteen days when Row is required.

The cost of the cum Development service line has now reached USD 339 in Delhi.

For the electrical connection the number of documents required has been reduced to a bare minimum and no portable documentation are being accepted.

The processes have been brought down to three in Delhi and four in Mumbai.

### **Registering Property**

<b>Rank</b>	<b>Country</b>	<b>Continent</b>	<b>World Rank (2020)</b>
1	Italy	Europe	26
2	Canada	North America	36
3	Usa	North America	39
4	Uk	Europe	41
5	Japan	Asia	43
6	Germany	Europe	76
7	France	Europe	99
8	India	Asia	154

India ranks as one of the toughest nations to register property despite there being an eight-place increase since last year. The country is 55 ranks below the lowest ranked g7 nation France at

This comes despite certain changes being made in an effort to do better.

All registration offices are digitized and their records are compiled with the Department of International Records, Delhi and Mumbai. The local tax records have been digitized, in Mumbai. After the registration Property are automatically converted. The transparency is maintained by Digital encoding of property records and allowing citizens to verify their transaction history in online mode. The Registrar of Companies digital search cost services has significantly come down the time taken for this process.

Online statistical data is now available of the land disputes in revenue courts in Delhi and Mumbai.

### **Resolving Insolvency**

<b>Rank</b>	<b>Country</b>	<b>Continent</b>	<b>World Rank (2020)</b>
1	Usa	North America	2
2	Japan	Asia	3
3	Germany	Europe	4
4	Canada	North America	13
5	Uk	Europe	14
6	Italy	Europe	21
7	France	Europe	26

8	India	Asia	52
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In 2019 India ranked 108 in resolving insolvency. This has drastically changed with the country jumping nearly 56 positions. While the United States and Japan are the top ranked this is a very positive sign for the nation.

The Revenue and Revenue Code of 2016 has introduced a new dimension to debt settlement in India. India's first complete law regarding corporate shortages.

For medium sized company the shortfall period has to be completed by ninety days and a maximum period of additional forty-five days under the new fast track insolvency resolution

### **Paying Taxes**

<b>Rank</b>	<b>Country</b>	<b>Continent</b>	<b>World Rank (2020)</b>
1	Canada	North America	19
2	Usa	North America	25
3	Uk	Europe	27
4	Germany	Europe	46
5	Japan	Asia	51
6	France	Europe	61
7	India	Asia	115
8	Italy	Europe	128

Paying taxes is still very complicated in the country. There continues to changes made but nothing significant has happen to make this matter more efficient.

A Business tax deduction has been made from 30 to 25 percentage for medium-sized companies in India.

National companies can choose for the twenty two percent contract tax (applicable tax rate: 25. These company will not be able to claim income tax or any kind of exemptions. Alternate Tax not applicable to these companies.

For new home-based companies the tax rate is now is now at 15% (seventeen percent includes additional payment). Contractual tax policy may be opted by companies that listed on or after 1 October 2019, making new investment and the commencement of production on this date or before the 31 March 2023. Under the Income-tax Act These companies will not be given for any other income exemptions.

An online reimbursement of Indian taxpayers built through strong IT infrastructure.

A fully-fledged online module Employee State Insurance Corporation has launched for completing a refund online payment. This has decreased the time taken to restore the file.

The electronic verification system has been introduced, there is no impact on the submission of further documents to the tax authorities. There will no need to file get three times nos as returns can be completed in only

## **CONCLUSION**

In conclusion I want to say that as a country the trends have been heading in the positive direction. There has been positive change made in eight of the factors in the ease of doing business index. This comes as a sign of relief as the covid 19 pandemic had hit the country hard and the ongoing disputes with chin ament India

needed to keep itself as an attractive market for foreign investment and also a dominant economy in the world market.

Lastly, I would like to highlight the changes being made in the country in various areas and looking forward to their effects in the long run.

The use of the Fast-track Corporate Insolvency Resolution Process there has been an Increase in debt resolution as more debt-free companies is starting to choose to restructure their programs instead of being suspended.

Commercial courts are dictating fast settlements of commercial disputes.

Fast settlement of commercial disputes is being dedicated by special commercial courts.

Real Estate Registration: The digitization of land records and maps will expose problems and simplify the registration process.

Electricity Generation: The government of India has begun a path to develop and grow a regulatory framework in the sector of energy. It helps to reduce the entry into the distribution industry and make it unregulated.

Starting a business: new companies registered with the Agile MCA platform are also assisting with registration under the ESI Act, in a similar partnership.

Addressing Construction Permits: The introduction of 49 new emerging technologies by the department of public works to improve work speed. Implementation of ERP is now under progress and is expected to be completed by the end of 2021. It will ensure that things are made more transparent and maximize efficiency throughout the industry.

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