



Ease Of Doing Business: Maharashtra Emerges Top Performer In Overall Competitiveness

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Maharashtra, Gujarat, Delhi NCR, Goa and Andhra Pradesh are rated as the top five of 21 sub-regional economies in ease of doing business in India, according to a new report.

"Maharashtra, Delhi NCR, Tamil Nadu, Gujarat and Karnataka, are also rated as the most competitive states," said Sasidaran Gopalan, Research Fellow at the Asia Competitive Institutes (ACI) [here](#).

Five (Maharashtra, Delhi NCR, Tamil Nadu, Gujarat and Karnataka) states lead in attracting foreign direct investment (FDI), accounting for 50-60 percent of the total FDI inflow into the country, he said in a study done by the ACI which is part of the Lee Kuan Yew School of Public Policy. But the government needs to balance the spread of FDI to other states, he pointed out.

Meanwhile, India's appreciating real effective exchange rates have not significantly affected FDI inflows over the last decade.

"The impact of real exchange rates on FDI in India has been rather negligible so far," Gopalan pointed out, citing the finding from a recently concluded study by ACI for 2000-2013. The research study, however, also concluded that the volatility in Indian rupee "actually appears to induce more FDI into the country".

"That is interesting as it only reflects that most of the FDI coming into the country is meant to serve the domestic market," he pointed out.

He highlights the importance for India to focus on developing the financial markets and allow businesses to manage their activities in a more "freely floating" environment, he said.

Going forward, policymakers should be cautious of an appreciating real exchange rate as it could potentially conflict with India's stated objective of developing the country as a platform for export-oriented FDI to date, Gopalan said.