

Maharashtra tops in ease of doing business, new rankings gauge shows

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Asian Competitiveness Institute's index balances data from states with surveys

Maharashtra ranked highest according to a broad measure of Ease of Doing Business (EDB) in Indian states announced at the Lee Kuan Yew School of Public Policy here. The new gauge has given 21 major states entirely different ranks when compared with the only other previous measure of this sort, the World Bank's Ease of Doing Business Index.

Wider definition

The latest measure produced by the Asian Competitiveness Institute (ACI) research centre of the School extends the definition of ease of doing business beyond the core measure of business friendliness that the Bank had focussed on for successive years.

In parallel, the ACI released its annual competitiveness report for Indian states, which used four criteria to find that Maharashtra, Delhi and Tamil Nadu had again emerged as the most economically competitive Indian states in 2016. Haryana emerged as a surprise performer, improving its competitiveness ranking from 14 in 2014 to 10 in 2016.

The EDB report, which was shared with a select group of journalists on Friday, ranked Maharashtra, Gujarat, Delhi, Goa and Andhra Pradesh as the top five states respectively, whereas these states were ranked 8, 1, 15, 19 and 2 by the Bank.

The ACI's EDB Index includes 81 indicators that include Business Friendliness (40 per cent weight), Attractiveness to Investors (40 per cent) and Competitive Policies (20 per cent). It also balances "hard data" from each state with the results of surveys undertaken amongst investors, government officials and academic experts in this area.

Professor Tan Khue Giap of the Institute said that the measure also had a broader geographical spread than the Bank's index, which focused on several cities and used them as proxies for broader ease of doing business measures. He noted, however, that the 2016 rankings, the first ever produced by ACI, were a "prototype" and expressed hope that government officials in the states concerned would engage in consultations with the research team before the next round, in case they wished to highlight new policy achievements that could potentially improve their ranking.

What-if simulation

In this vein, ACI has also produced a "What-if" simulation for each state which shows the potential progress that could be made in that state if certain policy issues were addressed. Except Maharashtra and Gujarat, ranked 1 and 2 respectively, the ranks of all other states in the study improved through this simulation.