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EMPOWERING INNOVATION: A DEEP DIVE INTO INDIA'S START UP SUPPORT FRAMEWORK

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ABSTRACT:

India has emerged as an enticing destination for both investments and business operations. It has gained prominence as an attractive investment hub, securing the 63rd position in the World Bank's 2020 ease of doing business ranking among 190 nations. This marks a substantial improvement from its 2011 ranking of 132, reflecting advancements across six major indicators.

The noteworthy progress in India's ease of doing business ranking is particularly significant, given the size of the country. Achieving an improved position is a rare accomplishment for a nation of India's magnitude. The Ease of Doing Business Score, or absolute score, has witnessed a positive upturn compared to the previous year, underscoring India's commitment to creating a conducive environment for business activities.

This achievement is attributed to the consistent efforts of the Indian government in recent years and its dedication to fortifying the country's standing as a preferred business destination. This paper aims to shed light on the current state of ease of doing business in India, offering a comparative analysis with other nations. The study delves into indicator-wise highlights, showcasing India's performance in the ease of doing business based on diverse parameters.

Keywords: *Ease of Doing Business Index, Starts Ups, Trading Across Borders*

Introduction:

The "ease of doing business" index was first introduced by the World Bank Group. Entrepreneurship will only flourish in any country when doing business is simple. The least amount of progress occurs when rules and restrictions are strict. Entrepreneurship will only flourish in any country when doing business is simple. The least amount of progress occurs when rules and restrictions are strict. Many people will be interested in startups because of how easy it is to do business in the country.

A high rank (with a low number) denotes that there are better protections for property rights,

as well as less complicated and generally less intricate regulations for businesses. Empirical research funded or supported by the World Bank has shown that tightening up these regulations has a significant impact on the expansion of the economy. A metric released by the World bank is called ease of doing business. This phrase refers to a total numerical value that incorporates various elements determining the degree of business friendly environments in a nation.

RESEARCH METHODOLOGY:

Type of Research: This study adopts a Quantitative and Analytical Research approach.

Data Collection Method: The current study relies solely on secondary data. Information has been gathered from various sources, including websites and reports. The collected data has been compiled to align with the specific requirements of the study.

Sources of Data Collection: The study is primarily based on published data sourced from newspapers, journals, articles, and websites. Key data repositories include the World Bank, the Department of Industrial Policy and Promotion (DIPP), and the Ministry of Commerce. The analysis also incorporates insights from the World Bank's Ease of Doing Business Reports.

OBJECTIVES AND METHODOLOGY:

The objectives of the study, coupled with the research methodology, are outlined as follows:

1. To analyze the ease of doing business scenario in India: The study aims to comprehensively assess the current state of ease of doing business in India.
2. To make a comparison of India with other countries in ease of doing business: An essential objective is to conduct a comparative analysis, benchmarking India against other nations in terms of ease of doing business.
3. To study the reforms that have improved India's standing in EODB: The research seeks to delve into the specific reforms that have positively impacted India's position in the Ease of Doing Business index.

DOING BUSINESS REPORT:

Since 2003, the World Bank Group has annually produced the Doing Business Report (DBR) with the primary aim of assessing the impact of business regulations on enterprises across 190 countries. This comprehensive research has evolved into a pivotal knowledge repository for the World Bank Group, particularly in the realm of private sector development. Notably, the DBR has played a significant role in inspiring regulatory reforms in developing nations. Before assigning ranks based on the index score, the report meticulously examines the costs and procedural constraints faced by typical private firms operating in diverse countries. The dissemination of study findings is strengthened by extensive communication campaigns.

PARAMETERS OF EASE OF DOING BUSINESS:

The research focuses on ten parameters that contribute to the ease of doing business. These ten categories encompass various aspects of corporate regulation, providing a comprehensive evaluation across the economies of 190 nations.

1. Starting a Business
2. Dealing with Construction Permits
3. Getting Electricity
4. Registering Property
5. Getting Credit
6. Protecting Minority Investors
7. Paying Taxes
8. Trading across Borders
9. Enforcing Contracts
10. Resolving Insolvency

Rankings and Weights:

The Doing Business Report combines rankings and weights for each of the specified parameters to produce an overall Ease of Doing Business (EODB) ranking. A higher EODB grade indicates a more favorable regulatory climate for initiating and conducting businesses.

Rankings and weights for each of the aforementioned parameters are combined to give an overall EODB ranking. A high EODB grade suggests that the regulatory climate is favorable for starting and operating businesses.

Benefits of Ease of Doing Business:

The contribution of the private sector to a nation's economic growth in the modern period cannot be emphasized. In any economy, corporate growth helps governments confront and solve social issues, such as the need to boost and control financial institutions and enhance the average living standards. The interdependence between business and government is highlighted by the fact that numerous external circumstances, including those that fall under its purview, have an impact on a business' growth. The importance of different ways of doing business has grown and become profitable over time as business rankings have transformed into important indicators for firms choosing nations to invest in. India's Initiatives to Improve Ease of Doing Business

The Ease of Doing Business Index offers several advantages:

1. **Contributing to Economic Growth:** The private sector's contribution to a nation's economic growth is paramount in the modern era. Corporate growth aids governments in addressing social issues and improving living standards.

2. **Indicator for Investment:** Business rankings have evolved into crucial indicators for firms selecting nations to invest in, becoming increasingly pivotal and profitable over time.

India's Initiatives to Improve Ease of Doing Business:

The central government of India has implemented various initiatives to facilitate business operations, including:

1. **Starting a Business:**

- Simplification of incorporation procedures, combining PAN, TAN, and DIN into a single form (SPICe).
- Exemption of incorporation charges for businesses with an authorized capital of up to Rs. 15 Lakh.
- Streamlined name reservation process.
- Elimination of the common corporate seal requirement under the Companies Act.

2. **Dealing with Construction Permits:**

- Fast-track approval procedure in Mumbai and Delhi.
- Introduction of a standardized building classification system in Delhi.
- Reduction in construction permit processing time and costs in Mumbai and Delhi.

3. **Trading Across Borders:**

- Introduction of the "Indian Customs Single Window Project" for streamlined customs clearance.
- Launch of PCS 1x to unite maritime stakeholders.
- Implementation of the e-Sanchit system for electronic submission of customs documents.

4. **Increased Transparency:**

- Implementation of a computerized risk management system to reduce customs inspections.
- Availability of the Advance Bill of Entry facility.

5. **Enforcing Contracts:**

- Establishment of Commercial Courts and Appellate Divisions of High Courts in Mumbai and Delhi.
- Introduction of electronic filing in district courts in Mumbai and Delhi.

6. **Acquiring Credit:**

- Implementation of the Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI).
- Provision of name-based debtor searches.

7. Getting Electricity:

- Expedited energy connection process.
- Restriction of service line cum Development fees in Delhi.

8. Registering Property:

- Digitalization of sub-registrar offices in Delhi and Mumbai.
- Computerization of property tax records in Mumbai.

9. Resolving Insolvency:

- Implementation of the Insolvency and Bankruptcy Code of 2016.
- Introduction of the Fast-track Corporate Insolvency Resolution Procedure.

10. Paying Taxes:

- Reduction of corporation tax rate for mid-sized businesses.
- Concessional tax scheme for domestic enterprises.
- Exemption from Minimum Alternate Tax (MAT) for eligible companies.
- Introduction of a lower tax rate for new domestic manufacturing businesses.

11. Protection of Minority Investors:

- India's ranking improvement in various categories, including building permits, access to power, and insolvency resolution.
- Ongoing challenges in starting a business and enforcing contracts.

Table No 1: Highlights of Ease of Doing Business: India's Progress:

India's rank (Out of 190)	2012	2013	2014	2015	2016	2017	2018	2019	2020	Change
Construction permits	181	182	182	184	183	185	181	52	27	+154
Trading across border	109	127	132	126	133	143	146	80	68	+41
Starting Business	166	173	179	158	155	155	156	137	136	+30
Getting credit	40	23	28	36	42	44	29	22	25	+15
Getting electricity	98	105	111	137	70	26	29	24	22	+76
Enforcing contract	182	184	186	186	178	172	164	163	163	+19
Paying Taxes	147	152	158	156	157	172	119	121	115	+32
Protecting minority Interest	46	49	34	7	8	13	4	7	13	+33
Resolving Insolvency	128	116	121	137	136	136	103	108	52	+76

Registering Property	97	94	92	121	138	138	154	166	154	-57
Overall Raking	132	132	134	142	130	130	100	77	63	+69

Source: World Bank Report Doing Business data Base

The above table presents India's rankings (out of 190 countries) in various categories for the years 2012 through 2020, along with the observed changes over the period.

Construction Permits:

India's ranking improved from 181 in 2012 to 181 in 2018, followed by a substantial positive change in 2019 and 2020, reaching the 27th position. The overall positive change is +154.

Trading Across Border:

India's ranking fluctuated over the years, with a noticeable increase from 2012 to 2014, followed by a decline until 2018. There was a positive shift in 2019 and 2020, with a considerable improvement of 41 positions. The overall positive change is +41.

Starting Business:

Fluctuations are observed in India's starting business ranking over the years, with a notable improvement of 30 positions in 2020 compared to 2019. The overall positive change is +30.

Getting Credit:

India experienced an initial improvement from 2012 to 2014, followed by fluctuations. There was a positive change in 2020, with a ranking improvement of 15 positions. The overall positive change is +15.

Getting Electricity:

The most significant improvement is observed in the "Getting Electricity" category, with a remarkable positive change of 76 positions from 2019 to 2020. The overall positive change is +76.

Enforcing Contract:

There has been a consistent positive change in enforcing contracts, with a ranking improvement of 19 positions from 2019 to 2020. The overall positive change is +19.

Paying Taxes:

A positive trend is seen in paying taxes, with a substantial improvement of 32 positions from 2019 to 2020. The overall positive change is +32.

Protecting Minority Interest:

India has shown consistent positive growth in protecting minority interests, with a cumulative improvement of 33 positions from 2012 to 2020. The overall positive change is +33.

Resolving Insolvency:

There is a noticeable positive change in resolving insolvency, with a significant improvement

of 76 positions from 2018 to 2020. The overall positive change is +76.

Registering Property:

While there were fluctuations, a significant drop in ranking by 57 positions from 2018 to 2019 is observed. The overall change is -57.

Overall Ranking:

The overall Ease of Doing Business ranking for India improved significantly from 132 in 2012 to 63 in 2020, reflecting a substantial positive change of 69 positions over the eight-year period.

Table No 2: India's ranking in Ease of Doing Business Parameters

Parameters	Sign		
	2018	2019	Sign
Starting a business	75.4	80.96	↑
Dealing with construction permits	38.8	73.81	↑
Getting electricity	85.2	89.15	↑
Registering property	47.1	43.55	↓
Getting credit	75	80	↑
Protecting minority investors	80	80	-----
Paying taxes	66.1	65.36	↓
Trading across borders	58.6	77.46	↑
Enforcing contracts	40.8	41.19	↑
Resolving insolvency	40.8	40.8	-----

The above table presents scores for various parameters related to the Ease of Doing Business in two consecutive years, 2018 and 2019. The "Sign" column likely represents the direction of change between the two years. In starting a Business, The score increased, indicating an improvement in the ease of starting a business. In dealing with Construction Permits, There is a significant increase in the score, suggesting a substantial improvement in the process of dealing with construction permits.in getting Electricity, the score slightly increased, indicating a minor improvement in the ease of obtaining electricity. While registering Property, the score decreased, suggesting a decline in the ease of registering property. In getting Credit, the score increased, signifying an improvement in the ease of obtaining credit. Considering protection of Minority Investors:, the score remained constant, indicating no change in the protection of minority investors. In Paying Taxes, The score slightly decreased, suggesting a minor decline in the ease of paying taxes. In case of trading across borders, there is a significant increase in the score, indicating a

substantial improvement in trading across borders. In resolving Insolvency, the score remained constant, indicating no change in the ease of resolving insolvency. In summary, the scores and changes in each parameter provide insights into the specific areas where improvements or declines occurred in the Ease of Doing Business between 2018 and 2019.

Table No 3: Country wise Ding Business score

Rank	Country/Territory	DB Score
1	New Zealand	86.8
2	Singapore	86.2
3	Hong Kong SAR, China	85.3
4	Denmark	85.3
5	Korea, Rep.	84.0
6	United States	84.0
7	Georgia	83.7
8	United Kingdom	83.5
9	Norway	82.6
10	Sweden	82.0
11	India	71.0

Source: <https://www.jagranjosh.com/general-knowledge/ease-of-doing-business>.

The above table depicts the DB scores of different nations. The present table provides an overview of the countries' rankings and DB scores, offering insights into the global landscape of ease of doing business. New Zealand, Singapore, and Hong Kong SAR, China, lead the rankings, while India occupies the eleventh position with a notable but improvable score.

New Zealand (Rank 1, Score 86.8): New Zealand holds the top position with a high DB score, signifying an excellent environment for conducting business. Singapore follows closely, indicating a strong business-friendly atmosphere. Hong Kong SAR, China, secures the third position with a high DB score. Denmark shares the fourth position, suggesting a favorable business climate. South Korea shares the fifth position with the United States, both scoring well in the ease of doing business. The United States, along with South Korea, holds the sixth position. Georgia secures the seventh position, reflecting a positive business environment. The United Kingdom is positioned eighth, indicating a conducive business atmosphere. Norway ranks ninth with a high DB score, signifying a favorable setting for businesses.

Sweden rounds up the top 10 with a strong DB score.

India is positioned eleventh, reflecting a moderate DB score compared to the top-ranking countries. While there is room for improvement, the score suggests a reasonable environment for

doing business. India has achieved a Doing Business (DB) score of 71.0, marking notable progress in subnational and regional-level objective assessments of business regulations and their enforcement across 190 economies and selected cities. This year, India stands out as one of the 10 economies that have demonstrated improvement in various areas measured by the Doing Business report. The report, which highlights New Zealand, Singapore, Hong Kong, and Denmark as some of the easiest countries in the world to do business, showcases India's advancement with a substantial increase of 4.71 points in its Distance to Frontier (DTF) score, reaching a total of 71.0 points.

Conclusion:

Based on World Bank data, New Zealand is identified as the most conducive global environment for conducting business, closely followed by Singapore, Hong Kong, Denmark, and South Korea. The United States and Georgia secure the sixth and seventh positions, respectively. In terms of the ease of doing business, India has secured the 63rd position among 190 economies in the latest World Bank annual ratings. This represents an improvement from the 77th rank in 2018 to 63rd in 2019. The initiatives undertaken by the central government have played a pivotal role in reshaping the ease of doing business landscape. This advancement is a clear and significant acknowledgment of the structural reforms implemented by the central government.

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