



World Bank Group releases *Doing Business in South Asia 2007:*

India is the top reformer in the region, Hyderabad has the country's most business-friendly regulations

Washington DC, February 13, 2007 – Doing business became easier in India in 2005-2006, according to a new report entitled [*Doing Business in South Asia 2007*](#) released today by the [World Bank](#) and its private sector arm, [IFC](#). Five reforms reduced the time, cost, and hassle for businesses in India to comply with legal and administrative requirements, placing the country in the top 20 reformers worldwide.

Of the 12 major Indian cities covered by the report, **Hyderabad** has the most business-friendly regulations, followed by Bangalore and Jaipur. Mumbai came in second-to-last and Calcutta last, as these cities impose the most complex and costly business regulations. Bhubaneshwar, Chandigarh, Chennai, Lucknow, New Delhi, Patna and Ranchi rank in the middle. Typically, large urban centers such as Mumbai and Calcutta have a high volume of business, so regulatory and administrative bottlenecks there create serious congestion.

Doing Business tracks a set of regulatory indicators related to business start-up, operation, trade, payment of taxes, and closure by measuring the time and cost associated with various government requirements. It tracks the rules and regulations relating to 10 indicators of doing business and does not measure differences in actual enforcement and implementation of the rules, regulations, and procedures. It does not track variables such as macroeconomic policy, quality of infrastructure, currency volatility, investor perceptions, or crime rates.

Doing Business in South Asia 2007 is the third report in a series of South Asia regional reports based on the methodology of the annual global [*Doing Business report*](#). The report compares business regulations in South Asia with 175 economies around the world. India, the region's top reformer, implemented reforms to simplify business registration, cross-border trade, and payment of taxes, as well as to ease access to credit and strengthen investor protection. Although the reforms improved India's ranking over last year's, it still ranks relatively low at 134 and stands 41 places after China, which is reforming at a faster pace. The top-ranked countries in the region are the Maldives (53) and Pakistan (74), followed by Bangladesh (88), Sri Lanka (89), Nepal (100), India (134), Bhutan (138), and Afghanistan (162).

"India has made significant improvements in reducing the amount of red tape entrepreneurs face daily. It now takes, for example, 35 days to register a business in Mumbai, compared with 71 days a year ago and 89 days in 2004. But despite clear improvements in five out of 10 *Doing Business* indicators, India can do much better," said Caralee McLiesh, an author of the *Doing Business in South Asia* report. "By broadly adopting best practices in business regulation that already exist within the country, India could jump significantly in the global *Doing Business* rankings, well ahead of other emerging markets like China," she added.

Different local-level regulatory requirements, as well as differences in the implementation of national-level regulations, either enhance or constrain local business activity and causes substantial differences in the ease of

doing business among Indian cities. For example, in Hyderabad it only takes 35 days to register property, compared to New Delhi, where it takes almost four times as long (138 days), or to Calcutta, where it takes almost five times as long (155 days). Within India, it is fastest to import and export goods through the Chennai and Calcutta ports, as opposed to through Mumbai.

States can learn from each other in the areas of business regulation. For example, it is easiest to start a business in Jaipur. Closing a business is easiest in Bangalore, while registering a property is easiest in Hyderabad.

	Indicator	City with best score per indicator
1	Starting a business	Jaipur
2	Dealing with licenses	Bhubaneshwar
3	Employing workers	<i>No regional variation</i>
4	Registering property	Hyderabad
5	Getting credit	<i>No regional variation</i>
6	Protecting investors	<i>No regional variation</i>
7	Paying taxes	Bhubaneshwar, Chandigarh
8	Trading across borders	Chennai
9	Enforcing contracts	Bhubaneshwar
10	Closing a business	Bangalore

Current global ranking of India: **134**

Hypothetical ranking after adopting India's best practices: **79**

“Creating jobs is a priority for any government. More business-friendly regulations create opportunities and more equitable growth. Easing obstacles for entrepreneurs is key to creating more jobs,” said Simon Bell, World Bank Manager for Financial and Private Sector Development in South Asia. “In India, over 8 million workers have formal jobs in the private sector—in a country of over 1 billion people and a workforce of 458 million. Indian states would greatly benefit from new enterprises and jobs, which can come with more business-friendly regulations,” he added.

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The Doing Business project is based on the efforts of more than 5,000 local experts – business consultants, lawyers, accountants, government officials, and leading academics around the world, who provide methodological support and review. The data, methodology, and names of contributors are publicly available online at <http://www.doingbusiness.org>.

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