Doing Business 2017 : A Report on Ease of Doing Business

Doing Business 2017: Equal Opportunity for All, a World Bank Group flagship publication, is the 14th in a series of annual reports measuring the regulations that enhance business activity and those that constrain it. Doing Business presents quantitative indicators on business regulations and the protection of property rights that can be compared across 190 economies—from Afghanistan to Zimbabwe—and over time.

Doing Business measures regulations affecting 11 areas of the life of a business. Ten of these areas are included in this year's ranking on the ease of doing business: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. Doing Business also measures labor market regulation, which is not included in this year's ranking.

Data in Doing Business 2017 are current as of June 1, 2016. The indicators are used to analyze economic outcomes and identify what reforms of business regulation have worked, where and why.

Main Findings:-

- **Doing Business 2017:** Equal Opportunity for All finds that entrepreneurs in 137 economies saw improvements in their local regulatory framework last year. Between June 2015 and June 2016, the report, which measures 190 economies worldwide, documented 283 business reforms. Reforms reducing the complexity and cost of regulatory processes in the area of starting a business were the most common in 2015/16, as in the previous year. The next most common reforms were in the areas of paying taxes, getting credit and trading across borders.
- Brunei Darussalam, Kazakhstan, Kenya, Belarus, Indonesia, Serbia, Georgia, Pakistan, the United Arab Emirates, and Bahrain were the most improved economies in 2015/16 in areas tracked by Doing Business. Together, these 10 top improvers implemented 48 regulatory reforms making it easier to do business.
- Economies in all regions are implementing reforms easing the process of doing business, but Europe and Central Asia continues to be the region with the highest share of economies implementing at least one reform—96% of economies in the region have implemented at least one business regulatory reform.
- Doing Business includes a gender dimension in four of the 11 topics sets. Starting a business, registering property and enforcing contracts present a gender dimension for the first time this year. Labor market regulation already captured gender disaggregated data in last year's report.
- In its global country rankings of business efficiency, the report awarded its coveted top spot to New Zealand, Singapore ranked second, followed by Denmark at third position.
- Hong Kong SAR, China, Korea, Norway, United Kingdom, United States and Sweden were among the top 10 countries in global country rankings.
- East Asia and the Pacific is home to two of the world's top 10 ranked economies- Singapore and Hong Kong SAR, China, and two of the top 10 improvers- Brunei Darussalam and Indonesia. The region's economies implemented a total of 45 reforms to improve the ease of doing business.
- The Europe and Central Asia region was also a major reformer during the past year, with Belarus, Georgia, Kazakhstan and Serbia amongst the world's top 10 improvers.

- Business reform activity accelerated in Latin America and the Caribbean with over two-thirds of the region’s economies implementing a total of 32 reforms in the past year, compared with 24 reforms the previous year.
- The Middle East and North Africa region saw the most reforms implemented in the past year since 2009, with 35 reforms in 15 of the region’s 20 economies. Among the reformers, the UAE and Bahrain were among the world’s top 10 improvers.
- In South Asia, five of the region’s eight economies implemented a total of 11 reforms in the past year, compared with nine the previous year. Pakistan, which was among the world’s top 10 improvers, implemented several reforms, as did India and Sri Lanka.
- Sub-Saharan Africa economies stepped up the pace of reform activity, with 37 economies undertaking a total of 80 business reforms. For the second consecutive year, Kenya was among the world’s top 10 improvers.
- India has moved up only one rank on the World Bank’s ease of doing business ranking this year. India is ranked 130 out of 190 countries in World Bank Group's annual report on the ease of doing business. Even the one rank improvement is because India had been downgraded in the 2016 edition to 131 from 130 earlier. The World Bank report, however, recognised the concerted efforts made by India, and set aside a special section “India has embarked on an ambitious reform path” to list the developments. “The country has embarked on a fast-paced reform path, and the Doing Business 2017 report acknowledges a number of substantial improvements,” the report said, mentioning electricity connections to businesses, paying taxes, electronic system for paying employee state insurance contributions, electronic filing of integrated customs declarations, the Companies (Amendment) Act, passage of the commercial courts and the Insolvency and Bankruptcy Code. In the ranking, India has made a substantial improvement in some areas such as electricity connection, but slippage in other areas, including payment of taxes and enforcing contracts, prevented improvement on the rankings that is followed widely by global investors.

Cyrus Mistry ousted as Tata Sons chief; Ratan Tata returns in interim

In one of the most dramatic developments in the recent past, the Tata Sons dumped its chairman Cyrus Mistry with immediate effect and made Ratan Tata the interim chairman. Tata will head the group for the next four months, till a search committee finds a new successor.

Mistry's journey with the Tata group has been a short one, with both his entry and exit being a surprise move. When he was inducted as the chairman, the reactions were as surprising as they are now on his sudden exit. The reason being that Mistry himself was part of the panel that was tasked with finding a successor to the then chairman Ratan Tata. And now, his four-year tenure has been cut short abruptly. His tenure as the chairman of the Tata Sons has been the shortest at the conglomerate.

Mistry, the only second non-Tata to take charge of the group after Nowroji Saklatvala in 1932, had to deal with various challenges in both Indian and global markets since he took charge. Speculations are rife about the reasons for his sudden exit. The reasons range from reported differences between the Tata and Mistry to the company's declining performance under him.

While no reason was given for Mistry's sudden ouster, a group spokesperson said, "The Tata Sons board in its collective wisdom and on the recommendation of principal shareholder decided that it may be appropriate to consider a change for the long term interest of Tata Sons and the Tata group."Here's a look at the possible factors that may have led to Tata Sons board taking this surprise decision against Cyrus Mistry in 'long-term interest'.

Style of functioning

There were a few contrasts in the way Tata Sons operated under Mistry when compared to the tenure of his predecessor, Ratan Tata. For example, Mistry undertook a strategy of divesting assets in contrast to what Ratan Tata did during his 21 years of chairmanship. During Ratan Tata's chairmanship, the company was driven by his expansionist strategy that included overseas purchases like tea maker Tetley in 2000 and luxury car company Jaguar Land Rover (JLR) in 2008. Mistry, on the other hand, was more focussed at tackling mounting debt by raising cash, refinancing loans and selling assets after writing them down.

Tata's m-cap

Another stark contrast between Ratan Tata and Mistry's tenure is the conglomerate's market cap. During Ratan Tata's tenure, the group's market cap rose from Rs 8,000 crore in 1991 to over Rs 4.62 lakh crore in December 2012. This was a mighty 57-fold increase. On the other hand, Tata Group currently commands a listed market capitalisation of over $125 billion (close to Rs 8.5 lakh crore). This value was nearly Rs 4.6 lakh crore in December 2012 when Mistry took over from Ratan Tata. The means the market cap doubled while Mistry was in-charge.

Acquisitions versus disinvestment

It is also believed that Tata Sons was unhappy with Mistry's approach of shedding non-profit businesses, including the conglomerate's steel business in Europe, and concentrating only on cash cows. Mistry's decision to sell Tata Steel UK in the wake of mounting losses, might also have been a sore spot within the organization. Earlier this year, the company had completed selling of the European long products business that three units the UK as well as a mill in France to Greybull Capital.

Reported differences between Tata and Mistry

There are also reports that over the past 6 months, serious differences had emerged between Ratan Tata and Cyrus Mistry.