



World Bank Group releases
Doing Business in South Asia 2007:
India and Pakistan are region's top reformers; Hyderabad has most business-friendly regulations in India, Karachi the most business-friendly regulations in Pakistan

Washington DC, February 13, 2007 – Doing business became easier in India and Pakistan in 2005-2006, according to a new regional report released today by the [World Bank](#) and its private sector arm, [IFC](#), entitled [Doing Business in South Asia 2007](#). The report covers eight countries in the World Bank's South Asia region and examines 12 major cities in India, six in Pakistan, and four in Bangladesh. Within India, **Hyderabad** has the most business-friendly regulations. Mumbai is in 11th place, ahead of Calcutta. Typically, large urban centers such as Mumbai and Calcutta have a high volume of business, so regulatory and administrative bottlenecks create serious congestion. **Karachi** is at the top in Pakistan, while **Dhaka** ranks best in Bangladesh.

Five reforms in India and two in Pakistan reduced the time, cost, and hassle for businesses to comply with legal and administrative requirements. No other South Asian economies improved business regulations in 2005-2006, ranking the region last in the pace of global reforms.

The report compares business regulations in the region with 175 economies around the world. The top-ranked countries are the Maldives (53) and Pakistan (74), followed by Bangladesh (88), Sri Lanka (89), Nepal (100), India (134), Bhutan (138), and Afghanistan (162).

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](#). *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 does not track variables such as macroeconomic policy, quality of infrastructure, currency volatility, investor perceptions, or crime rates.

The report finds that entrepreneurs in South Asia face large regulatory obstacles to doing business. For example, it takes 18 months of salary, on average in the region, to dismiss a redundant worker. More than a year (425 days) is needed to register property in Bangladesh. Taxes are high: a standard company in India pays 81% of commercial profits in taxes, while in Pakistan, it takes 560 hours per year to comply with all tax regulations.

Good practices exist within Bangladesh, India, and Pakistan. The report team finds that if each city in these countries mimicked the best practices followed in other cities within the country, the country ranking and ease of doing business would improve drastically. For India to jump 55 places in the ease of *Doing Business* rankings, the country would need to adopt for example Jaipur's regulations on starting a business, Bhubaneswar's rules on contract enforcement and taxes, and Chennai's trade practices. Adopting these would move India's current global ranking from 134th to 79th. In Pakistan, implementing each city's best practice would result in a 22-place jump in the global *Doing Business* rankings, from 74th to 52nd place.

In 2005-2006, the pace of reform was slower in South Asia than in any other region, with only India and Pakistan starting to improve their business environment. “Countries are competing for investment, enterprises, and the jobs that come with them. Some improvements are underway in the region, but the pace of reform must increase if South Asia wants to keep up with the rest of the world,” said Simon Bell, World Bank Manager for Financial and Private Sector Development in South Asia.

As a region, South Asia performs comparatively well in business start-up and protecting investors. It lags far behind, however, on the ease of employing workers, enforcing contracts, and trading across borders. For example, resolving commercial disputes through the courts is more time-consuming in South Asia than in any other region. On average it takes almost three years (969 days).

The report finds that complex and costly business regulations push workers into the underground economy. 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. Sri Lanka has over 4 million workers in formal private sector jobs—out of a workforce of about 7 million. In Bangladesh, 7 million workers have formal jobs in the private sector. In northern European countries, where it is easy to do business and people benefit from social protection, less than 8% of all economic activity occurs in the underground economy.

“The structure and detail of information captured by the *Doing Business* indicators allow governments to pinpoint regulatory bottlenecks and make international comparisons to identify best practices. As a result, *Doing Business* has been recognized by governments and has already generated over 50 reforms in nearly 40 countries,” said Caralee McLiesh, one of the authors of the report.

###

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>.

For interviews or more information, please contact:

Washington DC: Nadine Ghannam +1 (202) 458-0482 Cell: 1 (202) 361-7798, Email: nsghannam@ifc.org

India: Minakshi Seth +91-11-4111-1058, Email: MSeth@ifc.org

Or Sudip Mozumder :+ 91-11-51479210 X:210 Cell: +98100-52117, Email: smozumder@worldbank.org

Bangladesh: S.M. Rezwan-ul-Alam +880-2 8159001 Extension: 4242 Email: salam3@worldbank.org

Pakistan: Mariam Sara Altaf 051 2279-641 Email: mariamaltaf@worldbank.org

For more information on the *Doing Business* report series, please visit: www.doingbusiness.org

For copies of the *Doing Business in South Asia* report, please visit <http://www.doingbusiness.org/southasia>