



## **Ease of Doing Business- is it A Sustainable Approach?**

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### **ABSTRACT-**

In order to attract more start-ups and making “doing business easy” in India, the Government is taking a series of measures at state level. The emphasis of these reforms has been on simplification and rationalization of the existing regulations. The ease of doing business has gained importance in the last few years owing to the impact it has on the overall industrial climate; investments and job creation in the economy and motivating the youth by making business easy. The present study covers the perception of the youth of Madhya Pradesh towards the ease of doing business especially in Madhya Pradesh region which in-turn will help us to frame the concept towards the entrepreneurship. The study is limited to Madhya Pradesh. The research is Empirical in nature and based on both primary and secondary data. The primary data has been gathered from 401 respondents belong to Madhya Pradesh district with the help of questionnaire only. To analyze the data, descriptive and inferential statistics has been used. The research reveals that the respondents covered in the study overall feels that the Ease of doing Business will lead to the support the entrepreneurship in a big way in the area of entrepreneurship. The literature gathered from the study indicates that government is focusing on making business easy on both short and long term proposals and will homogenize strategic objective which will help in making “doing business” sustainable in Madhya Pradesh. However, despite doing several changes in doing business to make it easy, students are still facing several challenges. Majority of the respondents disagreed on the improvement in availability of land, process to acquire a land, cost of land, cost for starting a business, cost of labour, cost to register a property, single window mechanism for approvals and clearances, common application for business approvals, compliances under various labour laws, cost of business approvals and clearances, procedure for registering a property, electricity tariffs and number of tax returns to be filed in a year, among others. Whilst few respondents agreed on the improvement in availability of land, process to acquire a land, cost of land, cost for starting a business, cost of labour, cost to register a property, single window mechanism for approvals and clearances, common application for business approvals, compliances under various labour laws, cost of business approvals and clearances, procedure for registering a property, electricity tariffs and number of tax returns to be filed in a year, among others.

**KEY WORDS-** *Sustainability, Business, Entrepreneurship, Ease of Doing Business, Parameter*

### **1. Introduction and Literature Review:**

India aspires to be five trillion dollars’ economy in the next five years. This ambitious feature has been reiterated by the Honourable Prime Minister of India Shri Narendra Modi Ji and other leaders many a times. Though this vision has suffered a jolt due to COVID 19, but changing international opinion in this pandemic era shows signs of opportunity as well for India. “Make in India” programme can be seen as flag bearer in this direction. We can see the news coming about offering of land “twice to that of Luxemburg” to the companies planning to leave China after COVID 19. This looks possible, but demands lots of hard work, concrete, and bold labour as well as financial sector reforms and huge investments in infrastructure sector. However, one cannot deny the fact that huge amount of capital infusion of around 1.3 trillion dollars in every five years and even more than that shall be required to facilitate this aspired growth engine, which is not available through domestic sources only. It is but natural that the country shall sort after foreign capital infusion. Here, the topic i.e. “Ease of doing Business or EODB” comes into play.

‘Ease of doing Business’ may be defined as combined outcome of the simplified laws, rules and regulations, taxation process etc. facilitating the smooth business operations with proper back up of developed infrastructural facilities like transportation, law and order position, banking, and financial system along with the presence of conducive equality population having the role, both as consumers and human resources for the business. From the investors’ point of view, analysis of factors of Ease of Doing Business are vital phenomena which will suggest the safety and viability of their investment. Another aspect is that how the host country is able to guide these investments according to its specific needs which cannot always be related to profitability only. Parallely, it should not be forgotten that around the globe, there are so many contenders who are trying to woo these foreign investors with various reforms on their domestic fronts. In fact, in modern era’s global economy, every country tries to get higher on the ladder of scale on EODB standards in the eyes of World Bank.

World Bank has identified ten factors to determine the rankings on EODB such as 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. If we carefully go through these factors, it is apparent that second, fourth, sixth, ninth and tenth one i.e. five out of total ten factors, relate to legal aspects, appropriate changes and reforms in laws and their implementation can ensure the proper functioning of these five factors. These include Arbitration and Adjudication process, dispute settlement mechanisms, labour laws and other related statutes, entry and exit procedures for the business

etc. In modern era, time consumed in these legal processes are very important for the business firms and is considered as very effective tool in attracting or frustrating the investors. The legislature and law makers have to take care of these aspects along with the bureaucratic ranks and files of the land.

As per different research papers, World bank reports, articles, books some of the major constructs has been playing vital role to promote foreign investment. First factor i.e., "Starting a business" relates to smooth functioning of Government departments and steps like time taken in various clearances, land acquisition, single window systems, maintenance of law and order situation, attitude of general public as well as those of administration etc. Fifth one i.e. Getting Credit owes its effectiveness in healthy functioning of the financial systems of the country. Though the law of the land has the role to play here but strengthening of the financial institutions are long drawn procedures and take a considerable period of time. Third and eighth factor relates to infrastructure developments in power sector, transportation in all forms i.e. surface, air and water so that the products and services are ready on time and to be delivered on time at proper destination. Trading across the borders also depend upon the country's priority in its economic system, its political and commercial relations with other countries, quality offered in the products and services, cost competitiveness etc.

There is some review of literature that provides critical review on perception, awareness and challenges of youth towards ease of doing business. Has EODB any role to play in attracting youth or upliftment of domestic economy, trade and production? If yes, then to what extent? What are the factors other than EODB which are worth considered for their role in ensuring the advantages to the youth? How aware is the youth about the opportunities provided by government to start-ups? What are the challenges faced by the youth while starting a business? A critical analysis has been attempted in the forthcoming paragraphs cutting across the spectrum of thoughts and studies by the various scholars to decipher the importance of Ease of Doing Business.

Gaur and Padiya (2017) focuses on identifying the aspects of ease of doing business index and a number of recent reforms undertaken by Indian govt. such as make in India campaign that will enhance the manufacturing sector and improve the overall business environment in India. They estimated four key factors influencing the business environment: - viz (i) Developing a robust and coherent policy framework (ii) Facilitating procedural simplicity for investors (iii) Putting in place strong enablers, (iv) Driving dogged and unyielding implementation.

Jotwani (2016) author focused on the relation amongst ease of doing business and productivity in an economy that is the availability of finance credit and its effect on an economy's output. As this statement is generally agreed upon that finance up to certain limit can facilitate the process of economic growth but beyond that point it starts to disrupt the economy's functioning. In the study the authors use this variable to study patterns of business and related activities across major states of India, to develop and study the causality between ease of doing business and productivity.

Moorthy and Jason (June 2016) study macro level effect of the Ease of Doing Business rank, using regression technique. The results highlight that GDP per capita is inversely correlated with the Ease of Doing Business rank. Secondly, that average growth of a ten-year period is negatively related to starting income per capita. Basically, it shows that Ease of Doing Business rank has limited macro level usefulness, as the researchers found that the correlation is sometimes negative and sometimes positive. No definite relation is seen between GDP and Ease of Doing Business index.

Geetha (2016) focused on the 'Make in India' campaign and key challenges in the development of a favourable business environment (mainly manufacturing sector) and recommending various remedial measures for these challenges. Some of these are: (i) Challenges regarding land acquisition. (ii) Infrastructure development (such as major roads and highways in the country). (iii) Improving the ease of doing business rank of India. (iv) Improving the employment levels of general and engineering graduates. (v) Adding more capacity in the power sector to meet the increasing industrial energy demand. Geetha also found that the new policies of Govt. were able to reduce the Ease of Doing Business rank of India from 142 to 134 during that period, and if it continued to work in the same way, along with the contribution from Make in India campaign, the rank will further improve and India will be on the road to becoming a manufacturing hub.

Singh P. G., (2015) investigated the relationship between the foreign direct investment and six variables (Starting a business cost, dealing with construction permits, getting electricity cost, registering property cost, paying taxes and enforcing contract cost). He concluded that there is a long run relationship between FDI & variable under the study.

Pandita, Gupta and Kiran (2018) tried to calculate the 3-year success rate of the Make in India initiative, after it was launched on September 25, 2014. Based on primary data, this paper tries to measure public's viewpoint. This paper focused on understanding the environment in which the businesses in India operate, and the factors affecting this environment and how are these perceived by the general public. One of the main findings of this paper was that in order to make India a manufacturing powerhouse like China or Thailand, using the MII scheme, cooperation between the R & D and publicly funded institutions is necessary, but India lacks in R & D. The paper also found that the govt. did not implement the new and revised labour reforms, which are necessary for the success of this "Make in India" program.

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## 2. Research Design -

**2.1 Objectives-** The present study intends to;

- To study the parameters of Ease of Doing Business and its relevance for sustainable India.
- To know the perception of students regarding ease of Doing Business in Madhya Pradesh region.

## 2.2 Research Approach and method-

The present research is based on Abductive Approach. The type of research is empirical and research design is descriptive in which cross-sectional has been taken from Madhya Pradesh Region. For the purpose of collecting primary data, online survey method was used. A well-structured and self-developed questionnaire was prepared based on attitudinal scale (strongly disagree, disagree, agree, strongly agree). Systematic Random Sampling technique was used to collect the data. Sample size was of 450 participants while data was collected from 401 respondents.

Further to check the difference among the respondent's perception towards Ease of Doing Business on the basis of age & gender. Below mentioned hypothesis was developed.

H0=There is no significant difference among the perception of respondents towards Ease of Doing Business on the basis of Age.

H1=There is a significant difference among the perception of respondents towards Ease of Doing Business on the basis of Age.

H0=There is no significant difference among the perception of respondents towards Ease of Doing Business on the basis of Gender.

H1=There is a significant difference among the perception of respondents towards Ease of Doing Business on the basis of Gender.

## 2.3 Research Technique for Analysis –

Data has been interpreted by calculating frequency, percentage analysis and Anova test has been applied for testing the hypothesis.

## 2.4 Limitations of the study –

The study is restricted to Madhya Pradesh Region only and the sample size is small so the results of the study cannot be generalised.

## 3. DATA ANALYSIS AND INTERPRETATION

### 3.1 RELIABILITY

The objective of reliability is to limit the blunders and inclinations in an examination like the angles talked about for the initial segment of the examination. The goal is that if a later researcher follows similar strategies as portrayed by a past researcher and conducts a similar report once more; the later researcher ought to show up at the same finding and conclusions regarding the past.

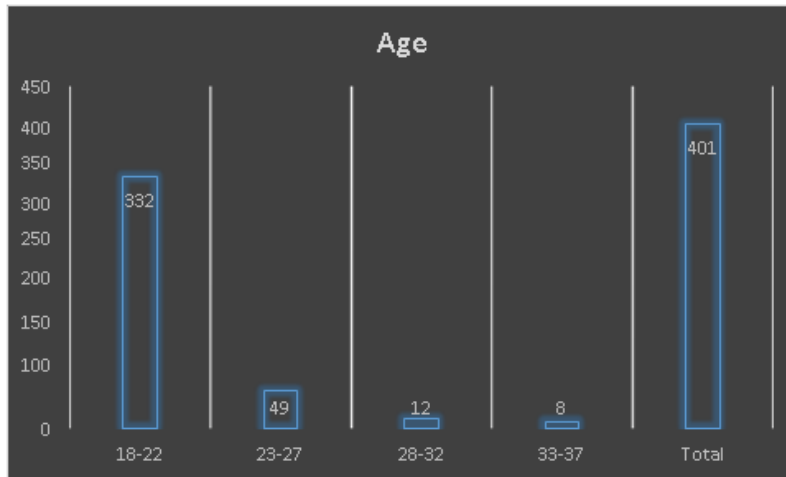
Further to test the reliability, alpha Cronbach reliability test have been applied. The value of reliability comes out to be 0.9 which is greater than 0.5 indicates that the structured tool is reliable to collect the data.

Reliability Statistics	
Cronbach's Alpha	N of Items
.971	78

### PROFILE OF THE RESPONDENTS

#### Age

Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18-22	332	82.8	82.8
23-27	49	12.2	95.0
28-32	12	3.0	98.0
33-37	8	2.0	100.0
Total	401	100.0	

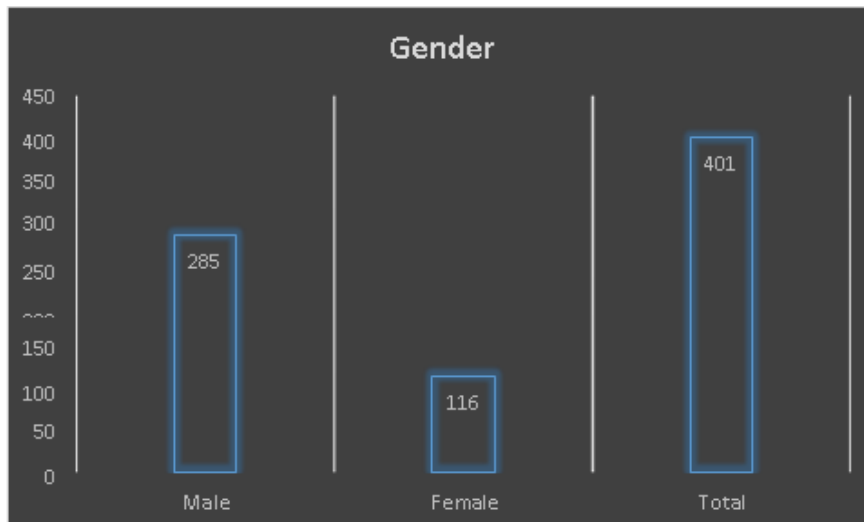


The above graph and table shows that out of total respondents i.e., 401 majority of the participants were of the age-group of 18-22, followed by this, 49 participants from 23-27, 12 from 28-32 and rest 8 participants were from 22-27.

As the majority of the participants were in the age-group of 18-32. Thus, it can be said that in majority youth has participated in the study.

**Gender**

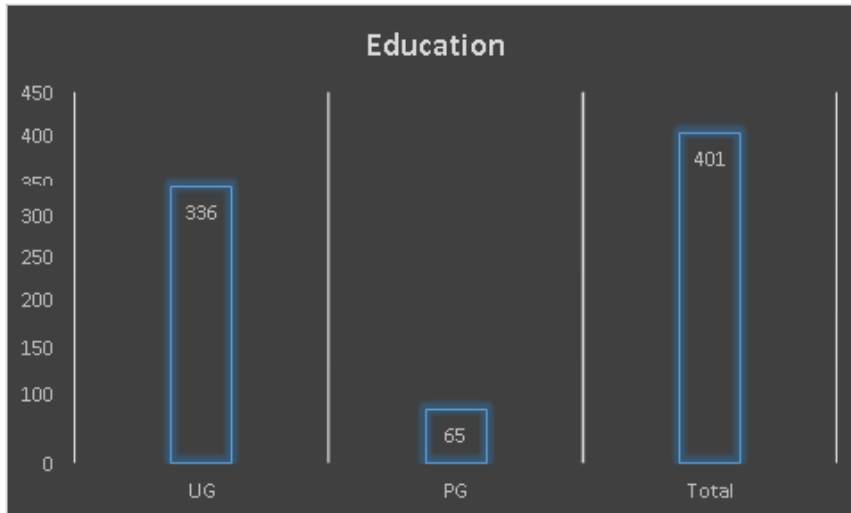
Frequency		Percent	Valid Percent	Cumulative Percent
Valid	Male	285	71.1	71.1
	Female	116	28.9	100.0
	Total	401	100.0	100.0



The above graph and table shows that out of total respondents i.e., 401 respondents, majority of the respondents i.e., 285 respondents were Male and rest 116 respondents were Female.

**Education**

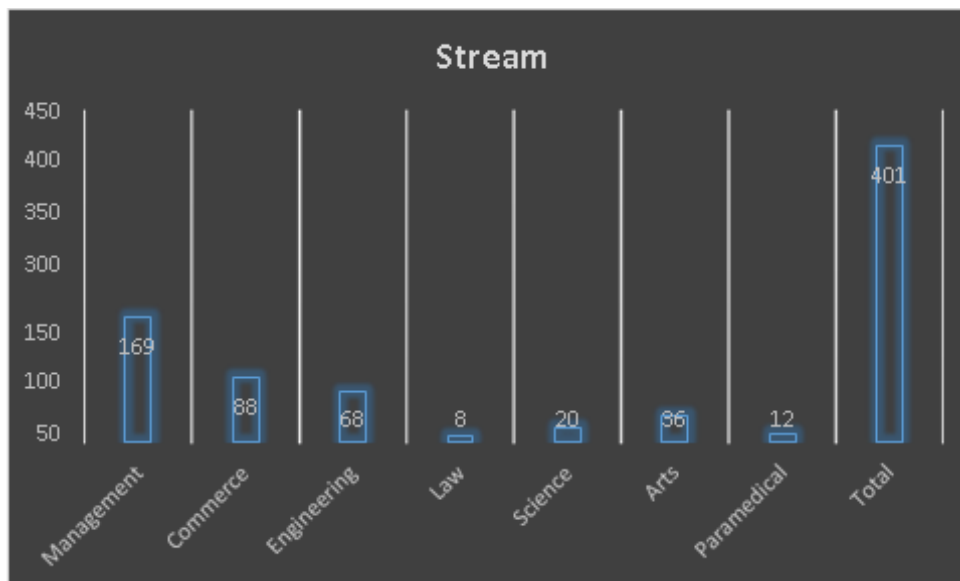
Frequency		Percent	Valid Percent	Cumulative Percent
Valid	UG	336	83.8	83.8
	PG	65	16.2	100.0
	Total	401	100.0	100.0



The above graph and table shows that out of total respondents i.e., 401 respondents, majority of the respondents i.e., 336 respondents were UG (Undergraduate) and rest 65 respondents were PG (Post Graduate).

**Stream**

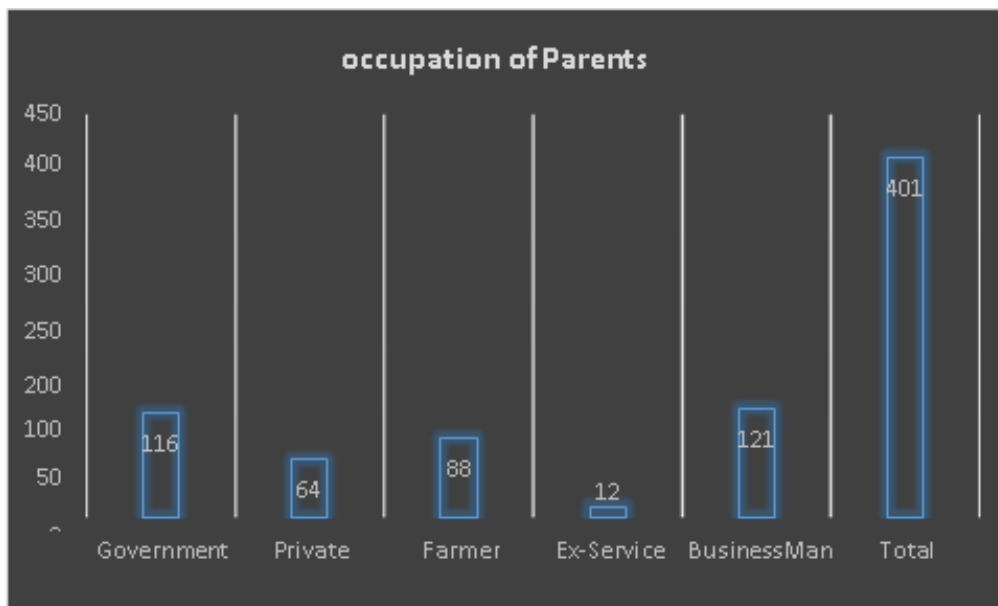
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Management	169	42.1	42.1
	Commerce	88	21.9	64.1
	Engineering	68	17.0	81.0
	Law	8	2.0	83.0
	Science	20	5.0	88.0
	Arts	36	9.0	97.0
	Paramedical	12	3.0	100.0
	Total	401	100.0	100.0



The above graph and table shows that out of total respondents i.e., 401 respondents, majority of the respondents i.e., 169 were from Management stream, followed by this, 88 from commerce, 68 respondents from Engineering, 36 respondents from Law, 20 respondents from Science, 12 respondents from Paramedical and rest 8 from law stream.

**Occupation of parents**

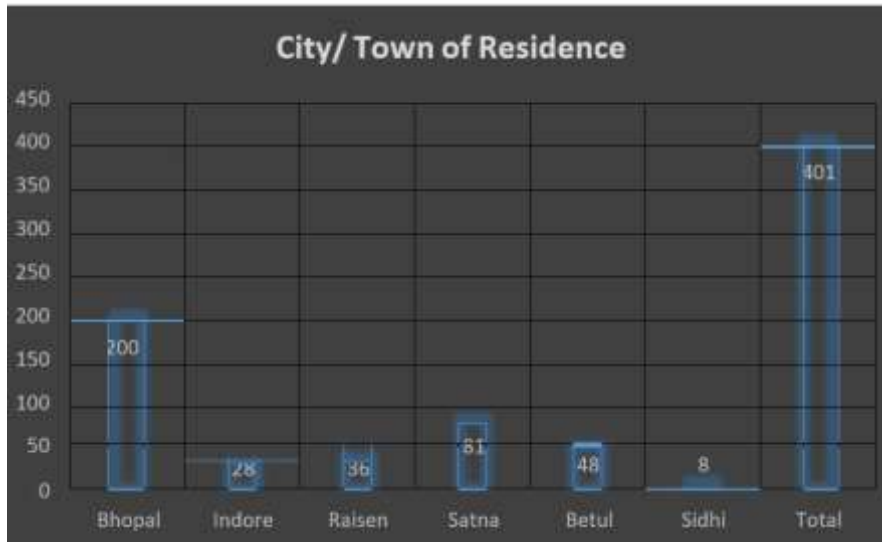
Frequency		Percent	Valid Percent	Cumulative Percent
Valid	Government Service	116	28.9	28.9
	Private Service	64	16.0	44.9
	Farmer	88	21.9	66.8
	Ex-Service Man	12	3.0	69.8
	Business Man	121	30.2	100.0
	Total	401	100.0	100.0



The above graph and table shows that out of total respondents i.e., 401 respondents, majority of the respondents parents i.e., 121 were are Business Man, followed by this, 116 from Government Service background, 88 respondents were Farmers, 64 respondents were from Private Service and 12 respondents were Ex- service man.

**City/Town of Residence**

Frequency		Percent	Valid Percent	Cumulative Percent
Valid	Bhopal	200	49.9	49.9
	Indore	28	7.0	56.9
	Raisen	36	9.0	65.8
	Satna	81	20.2	86.0
	Betul	48	12.0	98.0
	Sidhi	8	2.0	100.0
	Total	401	100.0	100.0

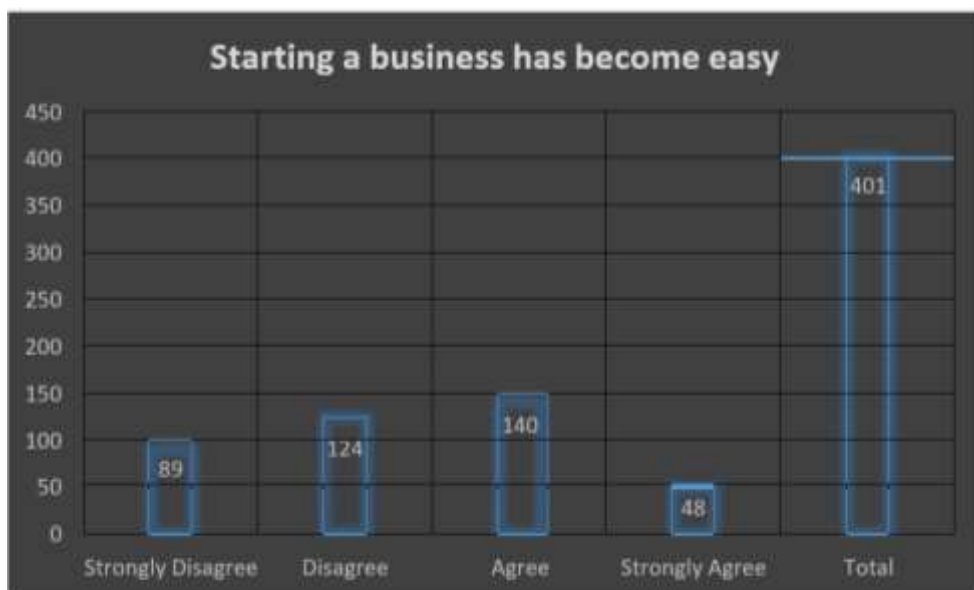


The above graph and table shows that out of total respondents i.e., 401 respondents, majority of the respondents i.e., 200 were from Bhopal district, followed by this, 81 respondents were from Satna, 48 respondents were from Betul, 36 respondents were from Raisen district, 28 respondents from Indore district and only 8 respondents from Sidhi.

**PERCEPTION TOWARDS EASE OF DOING BUSINESS PARAMETERS**

**Starting a business has become easy**

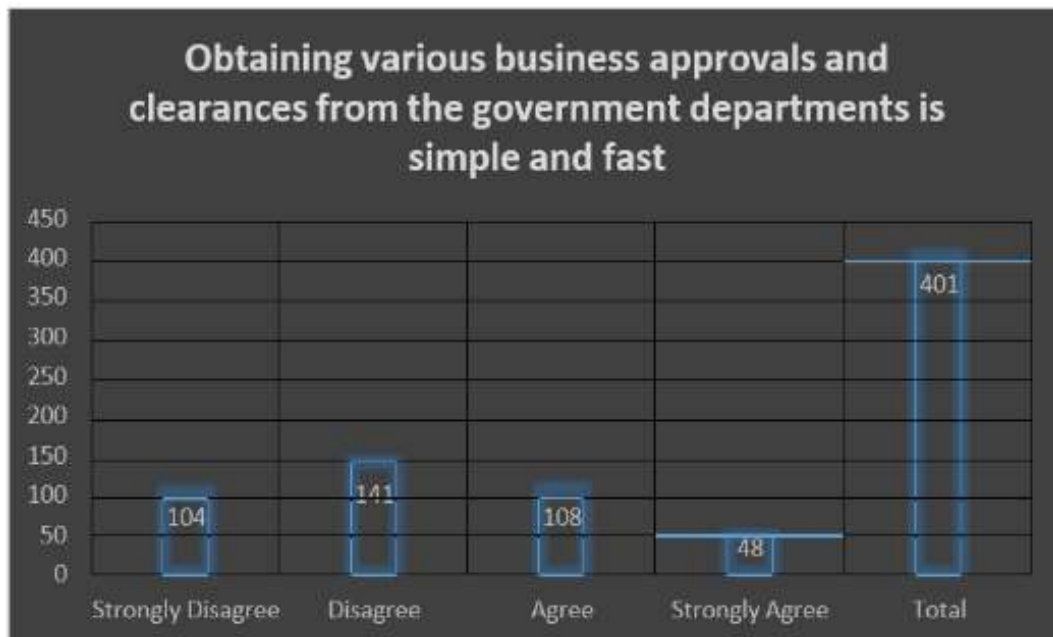
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	89	22.2	22.2
	Disagree	124	30.9	53.1
	Agree	140	34.9	88.0
	Strongly Agree	48	12.0	100.0
Total	401	100.0	100.0	



From the above graph and table, it has been found that out of total respondents i.e., 401 participated in the study, majority of the respondents i.e., 140 respondents were agreed whilst very close to it 124 respondents were disagreed with the fact that starting a business has become easy know.

**Number of documents/ procedures in starting a business has reduced significantly**

Frequency			Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	101	25.2	25.2	25.2
	Disagree	124	30.9	30.9	56.1
	Agree	140	34.9	34.9	91.0
	Strongly Agree	36	9.0	9.0	100.0
	Total	401	100.0	100.0	

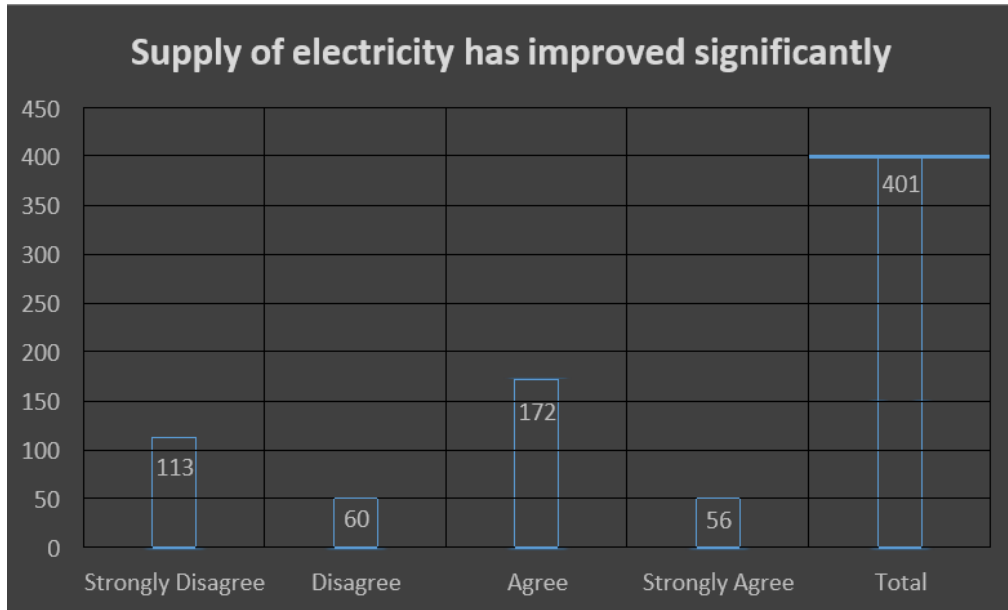


From the above graph and table, it has been found that out of total respondents i.e., 401 participated in the study, majority of the respondent’s respondents were disagreed and strongly disagreed with the fact that obtaining various business approvals and clearances from the government departments is simple and fast. Whilst a good number of respondents were agreed with the same fact which shows that the government need to step-up fast to approve and clear the documents for start-ups.

**Supply of electricity has improved significantly**

Frequency			Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	113	28.2	28.2	28.2
	Disagree	60	15.0	15.0	43.1
	Agree	172	42.9	42.9	86.0
	Strongly Agree	56	14.0	14.0	100.0
	Total	401	100.0	100.0	

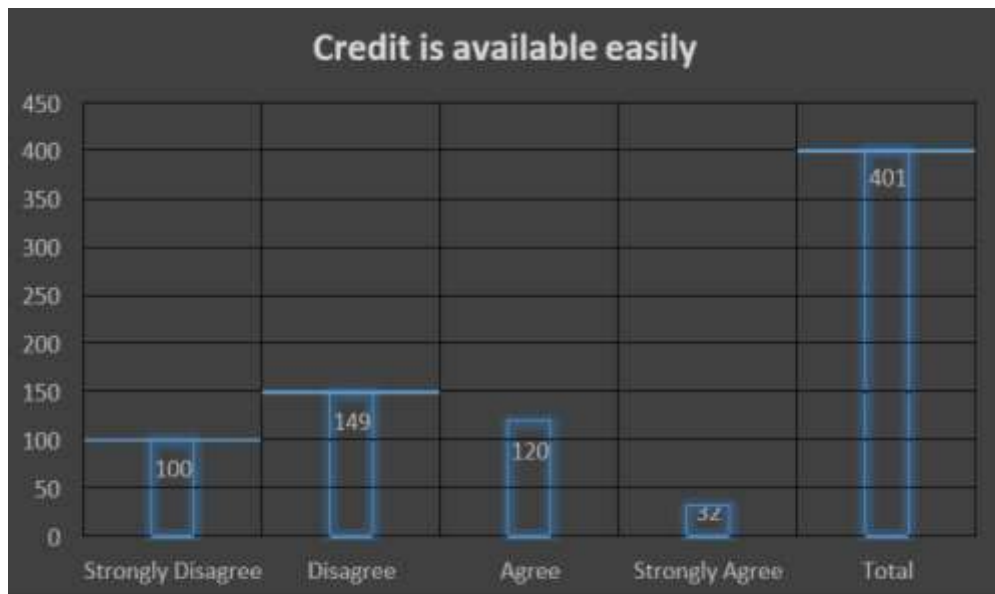




From the above graph and table, it has been found that out of total respondents i.e., 401 participated in the study, majority of the respondent’s respondents were agreed and strongly agreed with the fact that the supply of electricity has improved significantly. Whilst a few number of respondents were agreed with the same fact which shows that to get electricity is now become easy for starting a business.

**Credit is available easily**

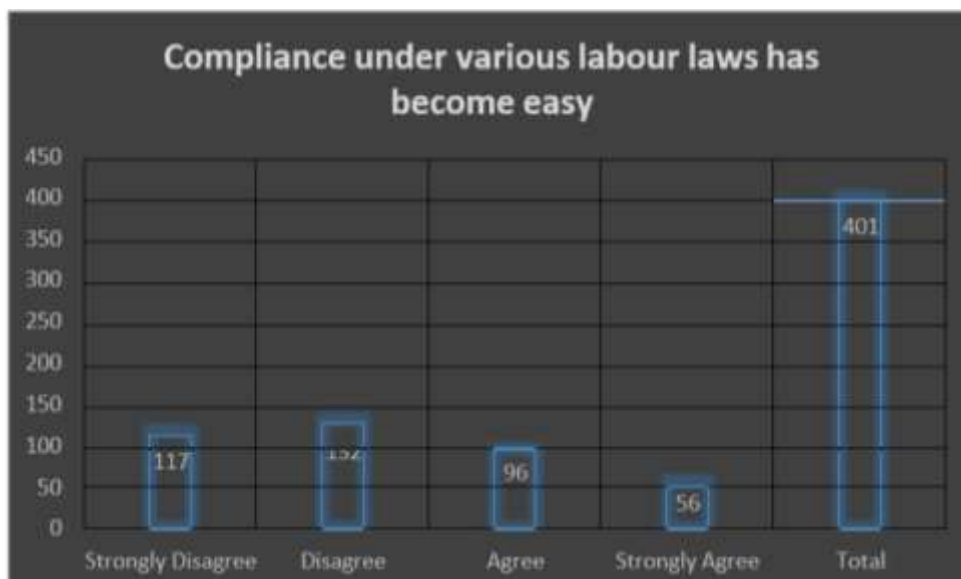
Frequency		Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	100	24.9	24.9
	Disagree	149	37.2	62.1
	Agree	120	29.9	92.0
	Strongly Agree	32	8.0	100.0
	Total	401	100.0	



From the above graph and table, it has been found that out of total respondents i.e., 401 participated in the study, majority of the respondent's respondents were disagreed and strongly disagreed with the fact that credit is now available easily. Whilst a few number of respondents were agreed with the same fact. According to the study, it has been found that there is a need to make the easy availability of credits to start a business.

***Compliance under various labour laws has become easy***

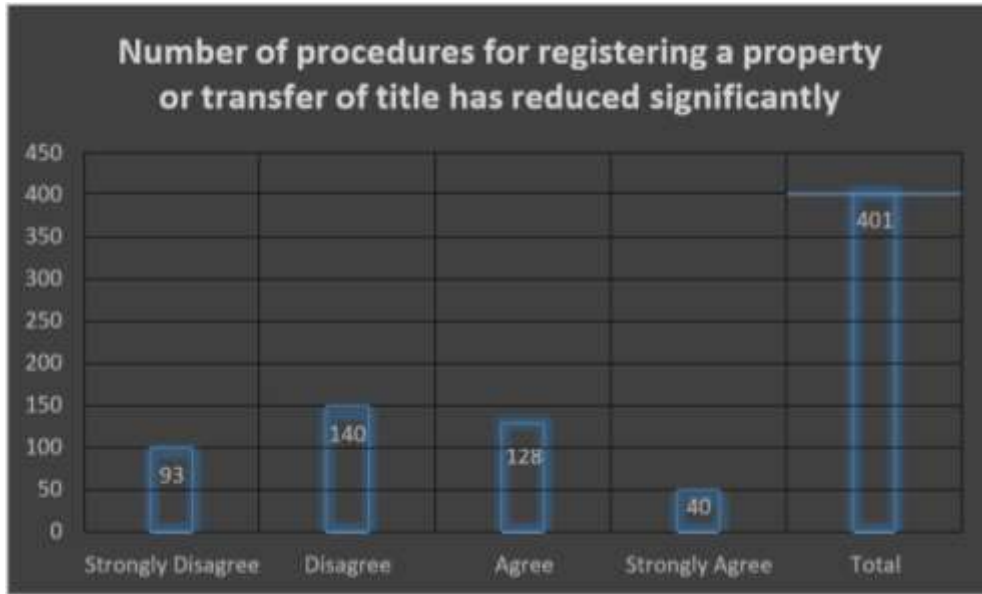
Frequency		Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	117	29.2	29.2
	Disagree	132	32.9	62.1
	Agree	96	23.9	86.0
	Strongly Agree	56	14.0	100.0
	Total	401	100.0	



From the above graph and table, it has been found that out of total respondents i.e., 401 participated in the study, majority of the respondent's respondents were disagreed and strongly disagreed with the fact that compliance under various labour laws has become easy. Whilst a good number of respondents were agreed with the same fact. According to the study, it has been found that there is a need to work on the compliance under various labour laws.

***Number of procedures for registering a property or transfer of title has reduced significantly***

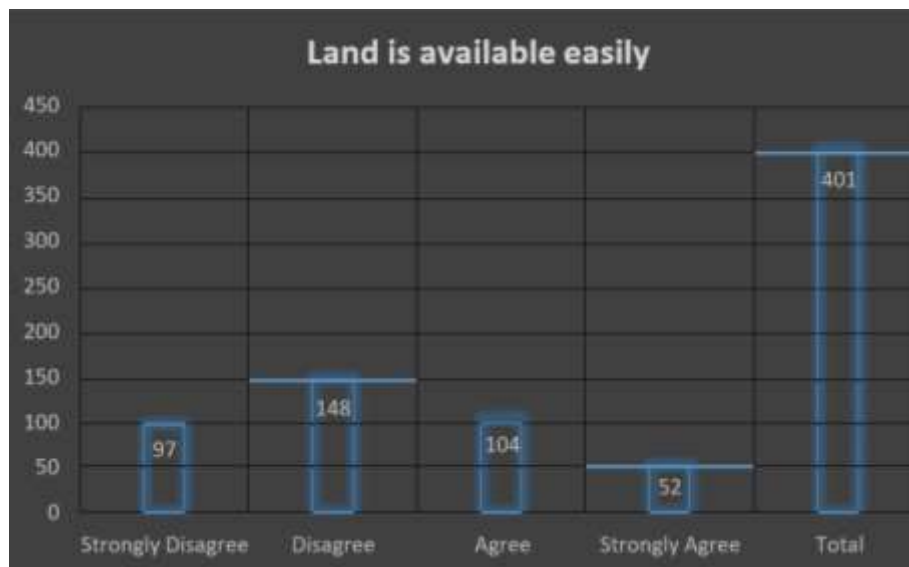
Frequency		Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	93	23.2	23.2
	Disagree	140	34.9	58.1
	Agree	128	31.9	90.0
	Strongly Agree	40	10.0	100.0
	Total	401	100.0	



From the above graph and table, it has been found that out of total respondents i.e., 401 participated in the study, majority of the respondents were disagreed and strongly disagreed with the fact that number of procedure for registering a property has reduced significantly. Whilst a good number of respondents were agreed with the same fast which shows that there is a need to reduce the number of procedures to register a property.

**Land is available easily**

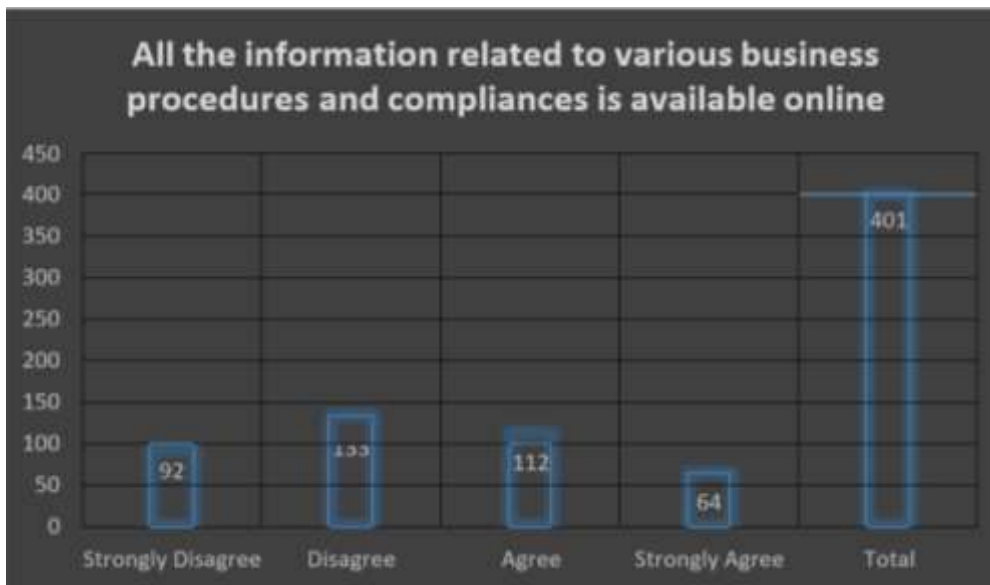
Frequency		Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	97	24.2	24.2
	Disagree	148	36.9	61.1
	Agree	104	25.9	87.0
	Strongly Agree	52	13.0	100.0
	Total	401	100.0	



From the above graph and table, it has been found that out of total respondents i.e., 401 participated in the study, majority of the respondents were disagreed and strongly disagreed with the fact that Land is easily available. Whilst a good number of respondents were agreed with the same fact.

**All the information related to various business procedures and compliances is available online**

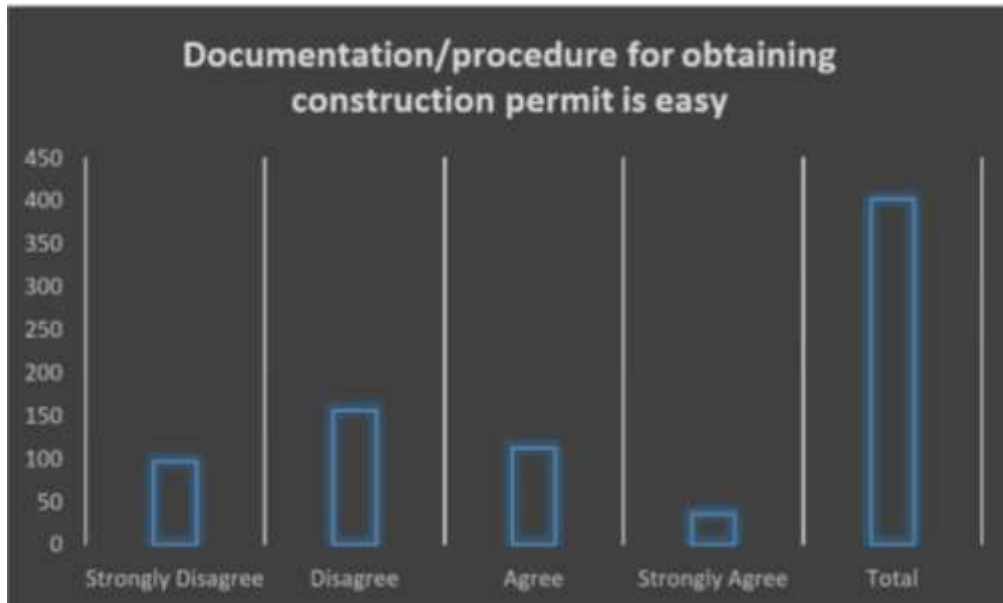
Frequency		Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	92	22.9	22.9
	Disagree	133	33.2	56.1
	Agree	112	27.9	84.0
	Strongly Agree	64	16.0	100.0
	Total	401	100.0	



From the above graph and table, it has been found that out of total respondents i.e., 401 participated in the study, majority of the respondents were disagreed and strongly disagreed with the fact that all the information related to various business procedures and compliances is available online. Whilst a good number of respondents were agreed with the same fact which shows that there provide awareness to the students regarding the online availability of various business procedures and compliances.

**Documentation/procedure for obtaining construction permit is easy**

Frequency		Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	97	24.2	24.2
	Disagree	156	38.9	63.1
	Agree	112	27.9	91.0
	Strongly Agree	36	9.0	100.0
	Total	401	100.0	

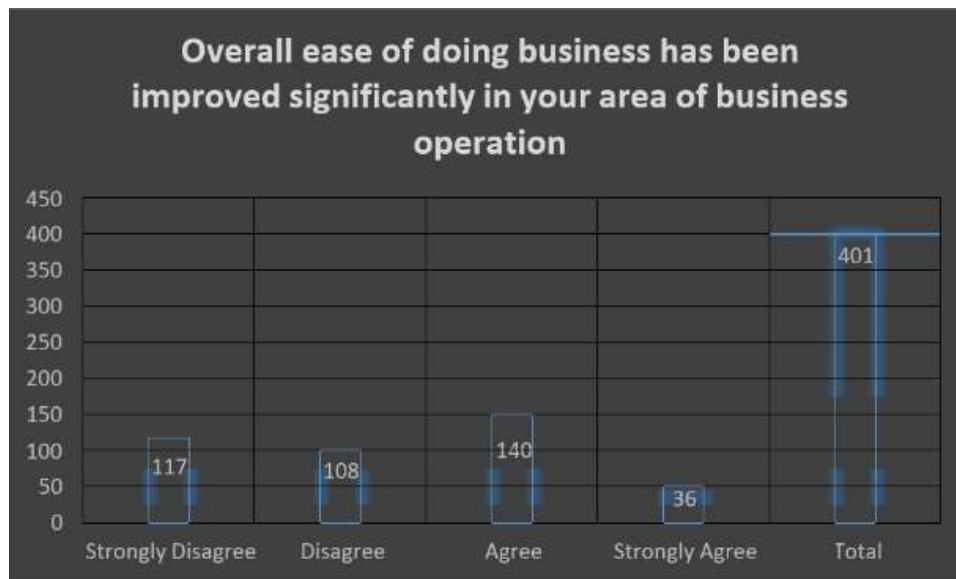


From the above graph and table, it has been found that out of total respondents i.e., 401 participated in the study, majority of the respondents were disagreed and strongly disagreed with the fact that the documentation/procedure for obtaining construction permit is easy.

Whilst a very good number of respondents were agreed with the same fact and need to go on an easy process.

Overall ease of doing business has been improved significantly in your area of business operation

Frequency		Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	117	29.2	29.2
	Disagree	108	26.9	56.1
	Agree	140	34.9	91.0
	Strongly Agree	36	9.0	100.0
	Total	401	100.0	



From the above graph and table, it has been found that out of total respondents i.e., 401 participated in the study, majority of the respondents were disagreed and strongly disagreed with the fact that overall ease of doing business has been improved significantly in their area of business operation. Whilst a very good number of respondents were agreed with the same fact which shows that now in particular area the ease of doing business has been improved significantly in Madhya Pradesh region.

### 3.2 INFERENTIAL ANALYSIS

After describing the profile of the respondents and the analysis of the level of perception towards various parameters of Ease of Doing Business to the next level, inferential analysis has been carried out for testing the hypothesis.

#### ANOVA

Sum of Squares		df	Mean Square	F	Sig.	
Gender	Between Groups	1.789	3	.596	2.935	.033
	Within Groups	80.655	397	.203		
	Total	82.444	400			

Further to test the hypothesis, One-Way Test have been applied. Since, F value comes out to be 2.935 and the P value is 0.033 which is less than 0.05 indicates that there is a significant difference among the respondents in the perception towards the Ease of Doing Business on the basis of Gender.

Majority of the male respondents are agreeing with the facts related to the ease of doing parameters and its substantial effect on the entrepreneurship.

#### ANOVA

Sum of Squares		df	Mean Square	F	Sig.	
Age	Between Groups	1.764	1	1.764	4.896	.027
	Within Groups	143.772	399	.360		
	Total	145.536	400			

Further to test the hypothesis, One-Way Test have been applied. Since, F value comes out to be 4.896 and the P value is 0.027 which is less than 0.05 indicates that there is a significant difference among the respondents in the perception towards the Ease of Doing Business on the basis of Age. As the research is based on the youth community so the age bracket is from 18-22. The study results show that majority of the youth is much more agree with the facts and parameters of ease of doing business in comparison to the middle age group. Overall the level of agreement is higher when it comes to the fact that ease of doing business in Madhya Pradesh is taking a leap and supporting the youth to initiate the ventures with minimum hassles.

### CONCLUSION-

In nut shell the study reveals the level of agreement towards ease of doing business specifically in Madhya Pradesh is considerably high and it helps the youth to explore the new business opportunities and to convert them into the real time action. The study helps to understand the perception level of the youth of different age group who belongs to various areas of Madhya Pradesh. At some points the level of disagreement is high related to the facilities provided by the state government for opening the new venture and also the byelaws. Overall the study shows a mix picture of the efforts provided by the government to boost the entrepreneurship in the study area and the realisation of the efforts by one of the prominent stakeholder that is youth. Thus the question is still remaining unanswered that can Ease of Doing Business is a sustainable approach to support the overall growth of the state?? Which is yet to be explored by conducting further research among the youth fraternity to bring out real time change in the entrepreneurship ecosystem across the state.