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<u>Title</u>

<u>In Pakistan, it's easy to do business.</u>

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In Pakistan, it's easy to do business.

ABSTRACT

This article examines Pakistan's ease of doing business and the ranking it received in the World Bank's 2019 Doing Business Report. Since 2002, the World Bank has started rating the world's economies on a regular basis. This year (2019), it has awarded ranks to 190 economies throughout the world, with Pakistan coming in at 136th with an eleven-point leap, indicating that Pakistan has improved 30% while the remaining 70% remains the same. Pakistan is hoping that Pakistan's ranking position in the Doing Business report, which will be announced next year in May 2020, will fall below a hundred (Board of Investment). The Chairman, Board of Investment (Pakistan Radio Report, 2019) informed the Prime Minister that the BOI has implemented various reforms, including improving the risk management system, reducing payment time from forty-seven to twenty days, and completing work on provincial portals in Karachi, Sindh, and Lahore, Punjab. Pakistan's ease of doing business rankings have improved, but there are still certain impediments that the government must address if the nation is to become a commercial center in the future.

1. INTRODUCTION

Any country's honest, fair, and business-friendly rules entice both local and international business groups to conduct business (Seema Malik and Jyoti). Countries that are prosperous and economically stable across the world have implemented business-friendly policies (according to associations, chambers, and trade bodies of Pakistan). Pakistan can outperform the world's and South Asia's top economies, notably in terms of ease of doing business (Chambers). Pakistan is ranked 136th in the World Bank's EDB report for 2019. Every year, the World Bank Group publishes a report on the ease of doing business that ranks economies throughout the world based on eleven (11) broad indicators/areas: 1. Starting a business, which includes time, cost, and the minimum paid-in capital required to form a limited liability company for both men and women, as well as processes, Dealing with building permits The cost and time to develop a warehouse, as well as quality control, are evaluated under this heading. 3. Obtaining authority Procedures, timing, and cost for a firm to secure an electrical connection from the involved authority for a newly formed warehouse are covered under this heading. 4. Both men and women measure property registration processes, time, and cost to register the entity/business. Obtaining credit, the strength of legislation and the depth of credit information systems are examined under this heading. 6. Investor protection This metric assesses the rights of minority shareholders in related party transactions as well as corporate governance. Paying taxes is number seven. The amount of taxes paid, the time it takes to consume, and the time it takes to prepare tax returns are all quantified using this metric. 8. The time and cost of exporting the commodity, as well as the documentation necessary, is measured by the trading across borders indicator. Contract enforcement For both men and women, it assesses how much money and time it takes to resolve a business issue. 10. The indicator of ease of doing business for resolving insolvency measures the time, cost, and rate of recovery during bankruptcy procedures and 11th. Labor-market regulation However, Doing Business does not yet provide rankings of economies based on labor market regulation or the Ease of Doing Business Score. The World Bank (WB) ranks two cities in nations with populations of more than 100 million people. Karachi, Sindh province's capital city, and Lahore, Punjab province's capital city, have a 65 percent and 35 percent weightage in the total ease of doing business score, formerly known as the Doing Business Distance to the Border (DTF) score, respectively. The Doing Business Report examines the efficacy and quality of business rules that apply to domestic, largely smaller businesses, throughout their life cycle. From 2007 to 2019, the following table provides the rankings of doing business.

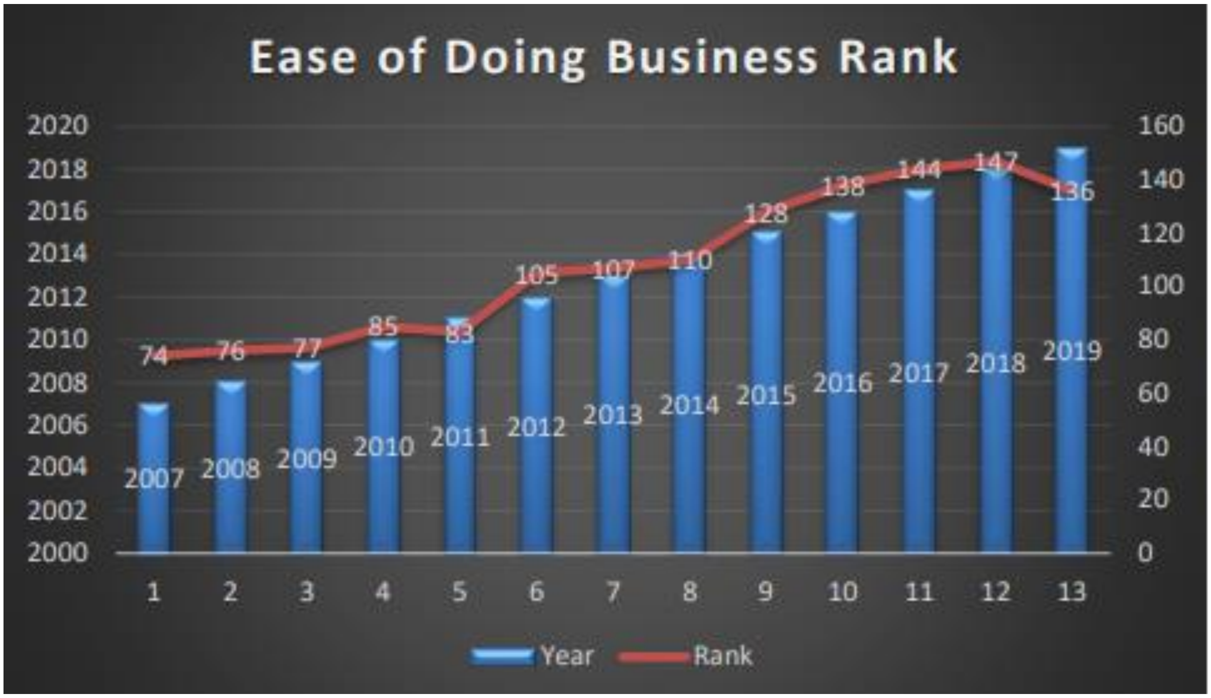


Figure. 1

The above graph shows that Pakistan lost two (02), one (01), and eight (08) points in 2008, 2009, and 2010, but gained two (02) points in 2011. Later, in 2012, 2013, 2014, 2015, 2016, 2017, and 2018, Pakistan lost twenty-two (22) points, two (02), three (03), eighteen (18), ten (10), six (06), and three (03) points, respectively, but gained eleven (11) points in 2019 and jumped from 147 to 136 in ease of doing business.

2. LITERATURE REVIEW

The following is a quick summary of prior studies on the ease of doing business undertaken by various researchers: The study "Reasons of Decline in Exports of Pakistan" by the National Tariff Commission, Ministry of Commerce, Government of Pakistan (2015) found that Pakistan's exports have declined due to several factors, including an inefficient and unfriendly socioeconomic environment, a high cost of doing business, and high electricity charges in Pakistan. According to the report, the country's exports can only be enhanced if a clear strategy is implemented.

The Karachi Chamber of Commerce and Industry (KCCI) Research and Development Cell (2016) conducted a study titled "Doing Business in Pakistan – Reform to rising Through" and discovered that many economies around the world, such as Malaysia and Taiwan, have created a business-friendly environment, as evidenced by their improved Doing Business rankings as compared to Pakistan. As a result, Pakistan now can take concrete steps to create a conducive business environment by making reforms in the economy. Furthermore, it was discovered that if Pakistan's policies were changed slightly, it might move up to 119th, 92nd, or 72nd place.

Vijeta Bandari (2019) examined how India's ease of doing business ranking has improved, climbing 23 places to 77 out of 190 economies, but he suggested that India still needs to reform more to get into the top 50 rankings and that India should now focus on areas where the ranking has dipped, such as business registration and minority investor protection. Seher Khader, Rohith, and Mallika Sen (2014) investigated the link between "Macroeconomic Factors Affecting Ease of Doing Business" and "Macroeconomic Factors Affecting Ease of Doing Business" using simple regression and multiple regression models. They discovered that the ease of doing business and macroeconomic indices had a positive association.

Anjali Singh and K.K. Jaiswal (2018) found that the government of India received a lot of criticism in 2016 when the US-based World Bank ranked India at 130th in the ease of doing business report, and it was also noted that India lags the BRICS nations. However, in the 2018 ease of doing business report, India was ranked at 100th, owing to improvements in policies launched under the "Make in India" campaign, and it is expected that India will surpass the BRICS nations in 2019.

R. Geetha's (2013) study on "Make in India" and the Ease of Doing Business discovered that the Indian government has taken several steps to improve existing trade policies, as well as many reforms in the taxation system, land laws, and labor laws, and concluded that the "Make in India" campaign can only succeed if it continues to operate in the same manner. According to Harpreet Kaur (2016), achieving the government of India's aim of 50 rankings in the next three years would be challenging since Indian performance is insufficient to meet this goal, and the country must work hard to achieve this goal.

3. METHODOLOGY

This research is based on secondary data on the ease of doing business that was gathered from numerous sources on the subject, as well as World Bank and government-sponsored reports and studies.

4. EODB RESULTS, DEBATE, AND RECOMMENDATIONS

Table. 1

Indicator	DB 2018	DB 2019
Overall - out of 190 economies	147	136
1. Starting a business	142	130
2. Dealing with Construction Permits	141	156
3. Getting Electricity	167	167
4. Registering Property	170	161
5. Getting Credit	105	112
6. Protecting Minority Investors	20	26
7. Paying Taxes	172	173
8. Trading Across Borders	171	142
9. Enforcing Contracts	156	156
10. Resolving Insolvency	82	53

3.1 Establishing A Business:

According to the World Bank's ease of doing business report (2019), Pakistan has simplified its preregistration and registration formalities and created a one-stop registration system to help entrepreneurs, and it has ranked Pakistan 130th in the starting a business index, up from 142nd in 2018. However, this is not Pakistan's best regulatory performance, and it needs to improve.

3.1 Registration of Real Estate

In addition to the beginning of a company indication, Pakistan has improved in the registering property indicator. In 2018, Pakistan was ranked 170th, but in the 2019 DB report, Pakistan is ranked 161, indicating that Pakistan has gained nine points in this category. The time and cost of registering property are the characteristics covered by this indicator, assuming a typical situation of an entrepreneur that wishes to buy land and a building that is already registered and free of issues. While Karachi made property registration easier by making the land registry more transparent, Lahore automated administrative operations by making the land administration system more transparent (EDB 2019).

3.1 Remedy for Insolvency

Aside from starting a business and registering a property, Pakistan has made strides in the domain of insolvency resolution by simplifying procedures in both Karachi and Lahore. This indicator looks at the length of time, cost, result, and recovery rate for commercial insolvency, as well as the quality of the insolvency legal system (DB 2019). However, Pakistan's progress in seven other indicators is lagging, so the country must take concrete steps to improve the remaining seven indicators. This will only be possible if all parties involved, including the State Bank of Pakistan, the Securities and Exchange Commission, the Board of Investment, and the Federal Board of Revenue, establish appropriate policies.

Other factors necessitated focus.

4.4 Development of Infrastructure

Roads, highways, and railroads played a significant role in the seamless movement of raw materials and finished commodities in different markets across the country, as well as linking rural markets to cities and boosting economic growth. The government should devote significant personnel and financial resources to this sector's growth. This sector received a budget of Rs. 303.976 billion in 2018-19, but it must be boosted by at least 30 to 40% today.

4.5 Power Industry

As we all know, no industrial unit can be established in a country without power. During the 2018-19 fiscal year, there was a severe energy deficit, particularly in Sindh and Punjab provinces, the country's commercial heartland. To address the energy situation, the government must take tangible actions. Pakistan has not resolved this issue and has stayed at the 167th position in both years.

4.5 Enhancing Employability

Human resources are a company's most asset. Companies will only establish facilities in Pakistan if they can locate enough high-quality trained personnel in the nation. Technical training that is competency-based must be promoted by the government.

4.5 Managing Building Permits

Construction is one of Pakistan's most important businesses, with more job prospects than any other. This sector was ranked 141 in 2018, but it is now ranked 156 in 2019, which is not good for the economy.

4.5 Minority Investor Protection

The rights of minority investors are discussed in this indicator. Pakistan's ranking in this indicator has dropped six places, from 20 in 2018 to 26 in 2019. It implies that there is room for progress in this area.

4.6 Cross-Border Trading

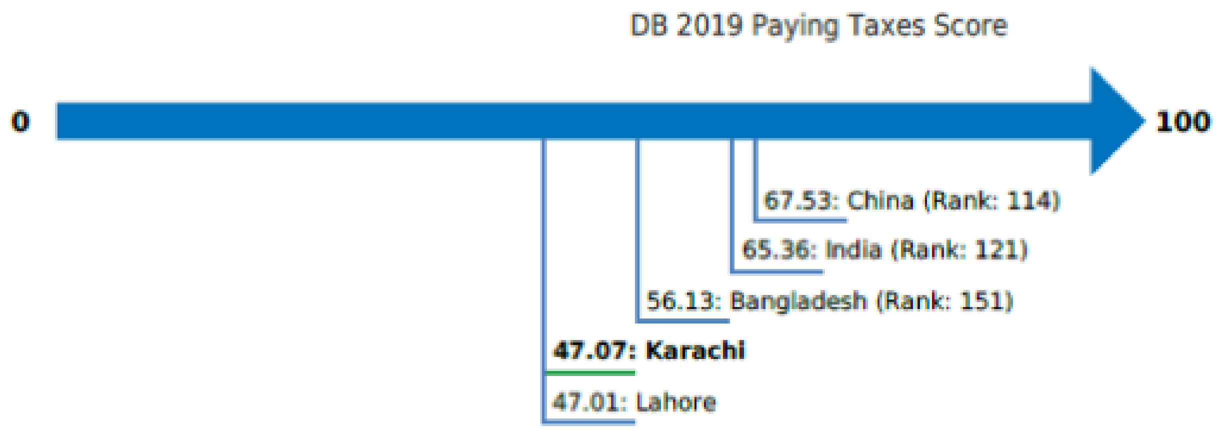
Pakistan has made great progress in this area. Pakistan has improved 29 places on this metric, from 171 in 2018 to 142 in 2019.

4.5 Getting Credit

This is the most crucial signal. It primarily focuses on determining the legal rights of borrowers and lenders in secured transactions as well as credit reporting. This sector was ranked 105 in 2018, but it is now ranked 112 in 2019, which is not good for the economy. To strengthen the economy, this problem must be resolved.

4.6 Taxes must be paid

The amount of taxes paid, and the time spent preparing tax returns are measured using this metric. This sector was ranked 172 in 2018, but is now ranked 173 in 2019, which is reportedly not excellent. However, when we consider the image of large cities, this ranking is favorable for Pakistan. Pakistan's major cities are Lahore and Karachi, so the country's score is excellent when compared to China and India.



Source: Doing Business 2019 Indicators

CONCLUSION

According to the Doing Business report, Pakistan ranks higher in four out of ten measures. Pakistan's overall rating was 147 in 2018, but it is now 136 in 2019, an improvement of 11 points over the previous year. "Starting a business," "Registering Property," "Trading Across," and "Resolving Insolvency Borders" indicators are doing better than the previous year, while "Dealing with Construction Permits," "Getting Credit," "Protecting Minority Investors," and "Paying Taxes" indicators are underperforming. Apart from that, "Getting Electricity" and "Enforcing Contracts" stayed the same.

There is a significant gap between Pakistan's establishments in 2005 and 2019 (Dawn Newspaper March 2019), indicating that Pakistan needs to quickly implement reforms in its existing system, such as the tax system, energy sector, export and import policies, judicial system, and financial institutions, to drop below the (100) ranking in 2020.

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