

Ease of Doing Business Initiative as Tool to Poverty Alleviation in Pakistan

Hamid Ur Rehman¹, Naila Ashraf Khan², Yasir Ali Khan³, Zeeshan Ahmed⁴, Saeed Iqbal⁵, Jehanzeb Khan⁶, Dr. Muqem ul Islam⁷



Citation:

Rehman, H. U., Khan, N. A., Khan, Y. A., Ahmed, Z., Iqbal, S., Khan, J., & Islam, M. U. (2022). Task force on ease of doing business initiative as tool to poverty alleviation in Pakistan. Khyber Journal of Public Policy, 1(2), Summer 2022

Article Info:

Received: 5/07/2022

Revised: 04/07/2022

Accepted: 20/08/2022


Published: 06/09/2022

Disclaimer:

The opinions expressed in this publication do not implicitly or explicitly reflect the opinions or views of the editors, members, employees, or the organization. The mention of individuals or entities and the materials presented in this publication do not imply any opinion by the editors or employees regarding the legal status of any opinion, area, territory, institution, or individual, nor do they guarantee the accuracy, completeness, or suitability of any content or references.

Copy Right Statement:

© 2022 Khyber Journal of Public Policy

 This work is licensed under a Creative Commons Attribution 4.0 International License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

Abstract:

The World Bank Group's Doing Business project provides a global benchmark for the ease of conducting business by evaluating regulatory environments across 190 economies. Pakistan has undertaken nearly 300 reforms since 2016 to improve its investment climate, leading to a significant improvement of 39 positions in the Ease of Doing Business (EoDB) rankings, reaching 108th place in 2020. These reforms focus on simplifying procedures for starting businesses, enhancing transparency, and reducing the time and cost of business operations, particularly for SMEs and LLCs. Pakistan was recognized as the top reformer in South Asia and the sixth globally. However, while EoDB reforms aim to foster economic growth and reduce poverty, the study reveals only marginal impact on poverty alleviation, indicating that EoDB indicators do not capture broader socio-economic variables like political stability, corruption, and macroeconomic health. For sustainable growth, a holistic policy approach is needed beyond the Doing Business framework.

Key words:

Ease of Doing Business, Pakistan, Business Reforms, Investment Climate, Poverty Alleviation

¹ Pakistan Administrative Service (PAS), Email: hilal3437@gmail.com

² Inland Revenue Service (IRS), Email: nailaashraf83@hotmail.com

³ Government of Khyber Pakhtunkhwa (PMS), Email: yasiralikhan@msn.com

⁴ Ministry of Defence Production, Email: engrzeeshankk786@gmail.com

⁵ Federal Seed Certification & Registration Department, Email: saeediqbal65@hotmail.com

⁶ Faculty Advisor, National Institute of Management Peshawar, Email: janzeb@gmail.com

⁷ Chief Instructor, National Institute of Management Peshawar, Email: muqemci@nipapeshawar.gov.pk

Introduction

The World Bank Group's *Doing Business* project provides a measure of the "Ease of Doing Business" through a set of objective indicators that focus on the impacts of laws, regulations, and their enforcement across 190 economies. The *Ease of Doing Business* index, published by the World Bank, is an aggregate figure that includes various parameters defining how conducive a country's regulatory environment is to business operations. Pakistan has consistently made efforts to improve the business environment. Since 2016, nearly 300 reforms have been implemented to enhance the investment climate. As a result, Pakistan improved 39 positions in the EoDB ranking over the past two years, reaching 108th place in 2020. The country was recognized as the top reformer in South Asia and the sixth globally (World Bank, 2020).

Main Objectives:

- i. Improving the efficiency and effectiveness of business procedures and enhancing the transparency of business processes, with a special focus on Limited Liability Companies (LLCs) and Small and Medium Enterprises (SMEs).
- ii. Reducing the time involved in starting a business.
- iii. Increasing revenue collection and boosting investor confidence.
- iv. Raising awareness about automation in customs procedures.
- v. Strengthening land clearance facilities through an electronic data interchange system.
- vi. Enhancing predictability and consistency in business-related policies.
- vii. Encouraging out-of-court dispute settlements and strengthening the legal infrastructure for contract enforcement.

Pakistan's Doing Business Reforms Journey:

Pakistan is committed to improving the business environment and has undertaken numerous reforms. In 2014, the Board of Investment (BOI) developed and began implementing the first-ever comprehensive plan to enhance the business climate. The focus was on simplifying procedures and reducing the time and cost associated with key business indicators. The following highlights Pakistan's journey in the EoDB initiative:

Pakistan's DB Reforms Journey

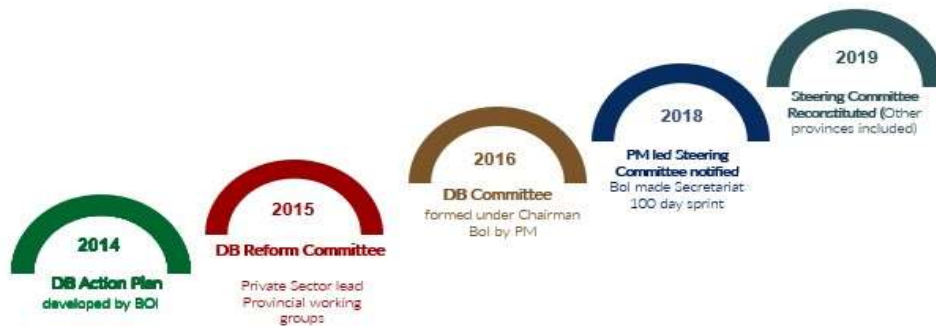


Table 4.1.1. Pakistan's Doing Business Reforms Journey (*Ease of Doing Business, 2020*)

Doing Business Rank by Years



Source: Ease of doing business, 2020

The purpose of the EoDB Index is to provide an overall measure of a country's "business friendliness" for entrepreneurs and SMEs. The 10 key indicators of EoDB are as follows:



Source: Ease of doing business, 2020

1. **Starting a Business:**
Measures the time, cost, and steps required to start a company, including legal procedures.
2. **Dealing with Construction Permits:**
Assesses the bureaucratic procedures needed to obtain a construction permit, measured by time, cost, quality of regulation, and steps involved.
3. **Getting Electricity:**
Evaluates the procedures, time, and cost to obtain an electricity connection for a warehouse, along with supply reliability and tariff transparency.
4. **Registering Property:**
Measures the time, cost, and steps required to transfer property, as well as the quality of land administration.
5. **Getting Credit:**
Examines legal rights of borrowers and lenders and the availability of credit information.
6. **Protecting Minority Investors:**
Assesses the protection of shareholders against misuse of corporate assets and the strength of shareholder rights.

7. **Paying Taxes:**
Measures the time, cost, and number of tax payments required for a business.
8. **Trading Across Borders:**
Evaluates the time and cost for border and documentary compliance for imports and exports.
9. **Enforcing Contracts:**
Measures the time and cost to resolve a commercial dispute through the courts and the quality of judicial processes.
10. **Resolving Insolvency:**
Assesses the recovery rate and legal framework involved in insolvency proceedings.
11. **Labor Market Regulation:**
Although detailed data on labor regulation is available on the *Doing Business* website, it is not included in the EoDB index (Naqvi, 2022).

Problem Statement

Business and industry play a vital role in the development and economic growth of a country. There is a direct link between a favorable business environment and the growth of these sectors. The Government of Pakistan is committed to implementing business reforms and has adopted an Ease of Doing Business (EoDB) plan based on ten indicators to foster industrial and economic growth with the ultimate aim of poverty alleviation. However, various challenges continue to prevent Pakistan from achieving a higher ranking in the global EoDB index. Therefore, it is necessary to examine Pakistan's EoDB landscape, assess its effectiveness as a tool for poverty alleviation, identify key deficiencies, and propose actionable recommendations and remedial measures.

Scope

This study aims to analyze the EoDB policy framework in Pakistan and evaluate the performance of the federal government and the four provinces over the past three years. It will assess the utility of EoDB as a poverty alleviation tool by examining relevant economic and governance factors. The study will also review international best practices, identify key deficiencies in Pakistan's approach, and offer recommendations to improve the country's EoDB ranking among the 190 countries assessed globally.

Literature Review

Previous research on the ease of doing business in Pakistan indicates that the country's export performance has declined due to several factors, including an inefficient and unfriendly socio-economic environment, high business costs, elevated electricity tariffs, and complex regulatory procedures. The studies suggest that exports can only grow if transparent and investor-friendly policies are adopted. A report titled "Doing Business in Pakistan – Reform to Rise Through" highlights how countries like China, Bangladesh, and India have improved their business environments through reform, resulting in higher EoDB rankings compared to Pakistan. Thus, it is imperative for Pakistan to take concrete steps to create a more conducive business climate.

The World Bank Group's Doing Business project measures business-friendliness across 190 countries through ten objective indicators, focusing on the impact of laws, regulations, and their enforcement. Pakistan's Board of Investment, along with provincial agencies, is working to implement these indicators per World Bank guidelines. Research papers and journals emphasize that countries with better EoDB rankings—such as Singapore, China, Nepal, and India—have more effectively complied with the indicators, creating environments more conducive to business and investment. Consequently, these nations experience stronger industrial growth and better outcomes in poverty reduction.

Research Methodology

The study employs a mixed-methods approach, including:

- i. Brainstorming
- ii. Group discussions
- iii. Documentary/literature review
- iv. Secondary data collection
- v. Analytical techniques:
 - i. Situational Analysis
 - ii. Institutional Analysis
 - iii. Comparative Analysis
 - iv. Gap Analysis
- vi. Consideration of time, resource, and data constraints
- vii. SWOT, PESTLE, and EETH analyses of the business environment in relation to EoDB

Situational Analysis

Economic and Policy Context

Economic performance in Pakistan remained robust, with GDP growth in FY 2018 at 5.8 percent – its highest level in 11 years. However, the fiscal deficit has continued to expand, as revenue growth is weak and there are substantial increases in recurrent spending. This, coupled with a large current account deficit, has accentuated the country's fiscal vulnerabilities. Pakistan's relatively poor export performance over the past decade reflects the declining competitiveness of its economy. Integration into the global economy provides opportunities for Pakistani firms to increase productivity – the fundamental driver of growth. Two areas stand out as negatively affecting the economy's competitiveness (Ozgen, 2021):

- (i) Anti-export macroeconomic and trade policies; and
- (ii) A poor investment climate

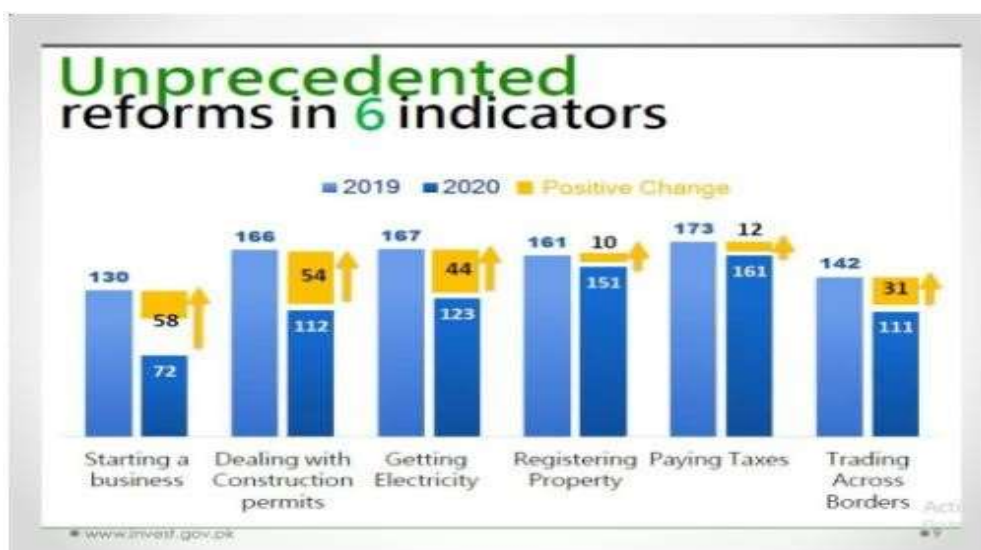
The Government of Pakistan recognizes the role of the private sector and the need to improve the business regulatory environment. Improving the investment climate has been on the policy agenda. Pakistan is already implementing a series of reforms to address the adverse business environment at both the federal and provincial levels. It will be essential to maintain and increase these efforts, bearing in mind that results may materialize only with a time lag. Since 2016, around 300 reforms have been implemented to improve the investment climate in the country. A pictorial representation of the same is depicted below:



Source: Ease of Doing Business, 2020

The following six major reforms in Pakistan have been recognized by *Doing Business, 2020*:

- A company can now be registered in one day with SECP & FBR. Data is transferred to Labour Dept., PESSI, SESSI, and EOBI in real time. Only the SECP portal is used. End-to-end integration of nine departments has been achieved.
- Getting construction permits now takes 108 days in Lahore and 134 days in Karachi, compared to 266 and 261 days originally.
- Commercial property can now be registered in 22 days in Lahore and 149 days in Karachi, instead of 25 and 208 days previously.
- A commercial electricity connection can now be obtained in 73 days in Lahore and 134 days in Karachi, compared to 117 and 185 days in the previous report. Online portals of LESCO and K-Electric have been launched. Tariff changes are announced in advance.
- Online payment of taxes has been introduced. The number of payments is now measured at 34, down from 47, and the time required to pay taxes has reduced substantially. Tax rates for small companies were reduced from 25% to 24%.
- WEOC customs software has reduced the time to export for border compliance from 75 hours to 58 hours and the time for imports for documentary compliance from 143 hours to 96 hours.



Ease of Doing Business Report 2021

In the *Doing Business* report 2021, more reform actions and 30 data challenges were submitted to the World Bank, and it is expected that Pakistan will register further improvement this year. To enable businesses to register easily and speedily, the main responsible agency is SECP.

However, other federal agencies are also involved as per their specific roles, e.g., FBR and EOBI. The SECP, as the key regulator in the country, steers the reforms under this indicator. The following section includes the ongoing reforms that SECP is undertaking, as well as planned actions in the near future (short- to medium-term), while also highlighting reforms undertaken by some provinces to ease start-up procedures within their jurisdiction (www.invest.gov.pk, 2022).

Ongoing Reforms

- i. Enhancing the utilization of the newly introduced integrated registration system – Virtual One-Stop Shop (VOSS) – which integrates registration procedures under the purview of SECP, FBR, and EOBI.
- ii. The VOSS portal is now publicly available through SECP’s website. Other reform actions planned over the short to medium term by federal agencies include:
 - a. Finalizing the Company Law Review exercise to introduce amendments regarding exemptions/relaxations for small-sized companies.
 - b. Introducing a Limited Liability Partnership business vehicle to attract SMEs.
 - c. Rationalizing the fee structure through amendments to the Sixth Schedule of the Companies Ordinance, 1984.
 - d. Enabling online submission of applications for obtaining digital signatures from NIFT.
 - e. Merging the process of applying for National Tax Number and Sales Tax Number with FBR.

Reforms Made by Punjab for EoDB

- i. Establishment of commercial courts in Punjab to reduce the median time for dispute resolution.
- ii. Automation of the registration process with district Labour Departments.
- iii. Reduction in registration time through automation of the Lahore Development Authority (LDA) construction permits process.
- iv. Streamlined complaint management and dispute resolution mechanisms.
- v. Integrated public facilitation counters to streamline processes. Officials from the Environment Protection Agency (EPA), Traffic Engineering and Transport Planning Agency (TEPA), and Water and Sanitation Agency (WASA) will be deputed at one-window operations.

Reforms Made by Khyber Pakhtunkhwa for EoDB

In Khyber Pakhtunkhwa, through the development of SEZs and SIEs and promotion of pillar industries such as Mines & Minerals, Tourism, Energy & Power, and Agriculture, the Government of KP (GoKP) initiated EoDB using its own resources. KP-BOIT was designated the focal point to facilitate investors by providing all pre-project requirements and formalities, including land procurement, pre-feasibility, insurance, banking, legal assistance, etc., thereby offering a one-window operation that had previously remained rhetorical. The reforms undertaken include: (www.pakistandoingbusiness.com, 2022)

- i. Online registration and payment of sales tax on services by KPRA.
- ii. Launching of the Online Building Plan Approval system.
- iii. Online registration of firms by the Directorate of Industries.
- iv. 24 service delivery centers operational in 18 districts for ford and mutation services.
- v. No new taxes and no increase in taxation rates in the 2021-22 provincial budget.
- vi. Professional tax collected by Excise & Taxation remained zero for 2021-22.
- vii. 35% rebate in Urban Immovable Property Tax.
- viii. Sales tax on services in 10 pro-poor sectors remained at 1%, down from a maximum of 10%.
- ix. Tax rate on clubs reduced from 15% to 8%.
- x. Land Registration Tax reduced from 6% to 2%.
- xi. Capital Value Tax abolished.
- xii. 120 small trades/businesses exempted from Trade License Fees and inspections by TMAs.
- xiii. Exemption from Local Council Tax on the transfer of immovable property.
- xiv. Reduction of Sales Tax on services for 25 categories.
- xv. IT-related services, including online marketplaces (e-commerce), retained at 2%.
- xvi. Continued reduced rate (lowest across the country) of 2% by KPRA on the construction sector.
- xvii. Quarterly filing coupled with mobile apps introduced for the majority of taxes.
- xviii. Agriculture land tax remained zero to focus efforts on digitizing

land data and providing relief to farmers.

- xix. Agriculture income tax minimum threshold raised from 400k to 600k.
- xx. Motor vehicle registration reduced to Rs. 1 for all vehicles up to 2500CC.
- xxi. Tax rate for restaurants reduced from 8% to 5% when using POS systems.
- xxii. Elimination of Entertainment Tax and Bed Tax for hotels.
- xxiii. Free re-registration of vehicles.
- xxiv. Exemption from registration fees on deeds and mutations.
- xxv. Guidelines issued by the Mineral Development Department for determining fair surface rent.

Reforms Made by Sindh for EoDB

- More than 15 interventions/reforms made to improve the regulatory environment.
- Nine Government of Sindh departments activated (SBCA, KWSB, SEPA, BOR, Energy, SESSI, Industries, Excise & Taxation, and Labour).
- Comprehensive awareness campaign on mainstream and social media.
- Wide-ranging and swift reforms.
- In dealing with construction permits:
 - Procedures reduced from 15 to 7.
 - Time to grant construction permits reduced from 60 to 30 days.
 - Time for completion certificates reduced from 45 to 30 days.
 - Sindh Building Control Authority exempted three No Objection Certificates (NOCs).

Reforms Made by Balochistan for EoDB

After the success of the Business Registration Portal in Punjab and Sindh, PITB is extending the single registration platform to improve ease of doing business for citizens in Balochistan. As per the MOU, PITB will provide ICT support and the following services under the Balochistan Business Registration Portal:

- i. Partnership firm registration with the Industries & Commerce Department.
- ii. Registration with the Labour & Manpower Department.
- iii. Registration with Balochistan Employees Social Security Institute (BESSI).
- iv. Enrollment for Professional Tax with the Excise, Taxation & Anti-Narcotics Department.
- v. Elimination of multiple inspections by Building Control Authorities for low-risk (Category-1) buildings.
- vi. Notification of procedures for online licensing of tourism businesses.
- vii. Extension of license validity for auto workshops to three years.
- viii. Increase in the validity period of fisheries licenses to three years.
- ix. Enable simultaneous registration of firms with FBR and relevant provincial departments.
- x. Specify timeframes for processing NOCs/permits for low-risk buildings, allowing applicants to begin construction if objections are not raised within the set timeline.
- xi. Eliminate regulations classifying small establishments as factories.
- xii. Prescribe timeframes for partnership registration in relevant regulations.
- xiii. Eliminate mandatory registration with the Social Security Department for small businesses (less than 10 employees).
- xiv. Control unauthorized inspections and establish a feedback system for businesses.
- xv. Reduce excessive and arbitrary surcharges on overdue contributions/payments across the country.

Institutional Analysis

The Government's reforms and initiatives are implemented by both federal and provincial departments and organizations. The *Regulatory Guillotine* has been a highly successful initiative of the government, under which around 300 reforms have been implemented so far. A total of 67 departments have been involved in the reform process at both federal and provincial levels, highlighting the broad scope of this activity. Many of the reforms are cross-cutting and are carried out by multiple departments, benefiting all sectors of the economy. The implementation of some sector-specific reforms has particularly benefited 21 sub-sectors, especially SMEs in industries such as food processing, IT, pharmaceuticals, surgical goods, construction, tourism, cutlery, etc. A brief overview of progress regarding EoDB is provided below:



Source: Khyber Pakhtunkhwa BoIT

Generally, the following Federal and Provincial Government departments are involved in EoDB

Stakeholders

Provincial Government

- Industries, Commerce & Investment Department – Lead Agency
- Labour & Human Resource Department
- Punjab Employees Social Security Institution
- Excise & Taxation Department
- Punjab Revenue Authority

Federal Government

- Securities and Exchange Commission of Pakistan (SECP)
- Federal Board of Revenue (FBR)
- Employees' Old-Age Benefits Institution (EOBI)
- National Database and Registration Authority (NADRA)

Beneficiaries

- Business Entities
- Tax/ Business Consultants
- Chambers of Commerce

Although the ministries, departments, and organizations are striving to comply with the EoDB indicators, there are delays in the implementation of some indicators/areas. A brief pictorial description is provided below:

(Source: KP-BOIT)

Delayed Implementation-Federal

#	Ministry and Department	Reforms
1.	Ministry of National Health /DRAP	08
2.	State Bank of Pakistan (SBP)	07
3.	Federal Board of Revenue – Inland Revenue	04
4.	Ministry of Science and Technology/PSQCA	01
5.	Ministry of Overseas Pakistanis/EOBI	01
6.	Ministry of Planning/ Pakistan Bureau of Statistics	01
7.	Ministry of Information and Broadcasting/PEMRA	01
8.	Capital Development Authority (CDA)	01
9.	Ministry of Foreign Affairs	01

Delayed Implementation-Provincial

Province	Number of reforms
Punjab	5
Sindh	12
KPK	6
Balochistan	11

The acceptance of the EoDB culture, internal resistance to change, capacity limitations, lack of trained human resources, and meagre resources for transformation are key hurdles faced by organizations. A well-defined framework supported by laws, rules, and regulations—along with the resolution of existing issues—will enable organizations to fully implement the EoDB indicators. Furthermore, the indicators should be more realistic and adaptable to reflect the diverse factors and conditions present in different countries.

Analytical Tools

SWOT analysis is a framework used to identify and analyze an organization's strengths, weaknesses, opportunities, and threats. It is a strategic tool that examines both internal and external factors impacting organizational performance.

STRENGTH	WEAKNESS
<ul style="list-style-type: none"> • Simplification and reduction of procedural steps • Ease of access due to one-window operations • Saving of time and money • Potential to attract foreign and local investment • Supportive for job creation • Supportive for poverty alleviation • Adaptable and acceptable in Pakistan • Suitable for utilizing the country's energy potential • Suitable for leveraging the country's geo-strategic location • A promising gateway 	<ul style="list-style-type: none"> • Dependent on factors like corruption, political and economic instability, and the country's security situation • Capacity and management issues • Time required for implementation of supportive policies, legal and procedural amendments • Affected by inflation in the country • Politico-economic fault lines • Delayed dispute resolution mechanism • Lack of research and development (R&D) • High corruption index • Power shortages and high tariff rates
OPPORTUNITY	THREATS
<ul style="list-style-type: none"> • Better EoDB index for foreign investment • Scope for technological advancement and growth • Availability of manpower • CPEC projects • Special Economic Zones • Untapped and underutilized natural resources • Underdeveloped economy 	<ul style="list-style-type: none"> • Enduring geopolitical tensions • Low foreign reserves • International market competitors • Financial Action Task Force (FATF) compliance pressures

EETH analysis is a tool used to optimize benefits and reduce the threats and weaknesses of an organization. In this context, EETH analysis is applied to the Ease of Doing Business model in Pakistan to ascertain maximum output and provide recommendations.

<p>ENHANCING STRENGTH</p> <ul style="list-style-type: none"> • Implementation and updating simplification of procedures • Extension of one window facility at district level or other provincial organizations. • Promotion of potential projects at local and international level (Expos) • Enhance HR capacity through trainings • Enhance adoptability /implementation in all departments • Develop infrastructure for exploration of Natural Resources • Optimum advantages from Geo- Political Position of Country (India, Afghanistan, China and Iran) 	<p>ELIMINATION WEAKNESS</p> <ul style="list-style-type: none"> • Increase transparency through automation and accountability. • Improve political and economic stability through good governance • Monitoring of implementation of policies. Remove loopholes in process of Dispute resolution mechanism • Implementation of R & D Practices Reduction in tariff rates by alternative resources like solar and hydel energy.
<p>TAKING OPPORTUNITY</p> <ul style="list-style-type: none"> • Further advancement in EoDB Index for Foreign Investment by filling gaps in system • Infrastructure to absorb & Flourish Technological advancement & Growth • Execution of CPEC projects and achievement of its goals 	<p>HEDGING THREATS</p> <ul style="list-style-type: none"> • Expanding economic prosperity and opportunities through cordial relation with neighboring countries. • Improve Foreign Reserves by reducing balance of payment and tax reforms • Enhance quality and productivity to become market competitor • Joint efforts for implementation of FATF points and effective foreign policy

PESTLE analysis is one of the tools used to understand how external forces impact businesses. This technique is employed to analyze or scan a business firm influenced by macro-environmental factors. Fundamentally, PESTLE analysis is considered a strategic tool for assessing political stability, economic conditions, social and technological developments, legal frameworks, and environmental prospects. It is undeniable that in today's world, the internationalization of economies has gained substantial attention (Pinho et al., 2018). Therefore, it is indispensable for industries in Pakistan to develop and adopt international standards to address emerging economic challenges and gain a competitive edge in the global market. Pakistan can create a window of opportunity by establishing joint ventures with international enterprises.

PESTLE Factor	Details
P	<ul style="list-style-type: none"> • Political instability • Internal political disputes • Vulnerable law & order situation • Bad governance in tax system
E	<ul style="list-style-type: none"> • Low level of foreign investment • Economic uncertainty • Inefficient monetary & fiscal policy • Trade restrictions
S	<ul style="list-style-type: none"> • Famine of effective business network • Low standard of literacy & education • Conflicts & scarcity of cohesiveness
T	<ul style="list-style-type: none"> • Technological constraints & lack of innovation • Outdated technological infrastructure • Lack of R&D practices • Need for technological acquisition & dissemination
L	<ul style="list-style-type: none"> • Legal & regulatory framework for investment • Dispute resolution mechanism • Securing property rights • Implementation of existing laws
E	<ul style="list-style-type: none"> • Supporting infrastructure for compliance with environmental obligations • Delay in NOC requirement for low-risk category premises

Regional Best Practices & Lessons Learnt

Regional Best Practices

For regional best practices, we have examples from China, India, Bangladesh, Sri Lanka, Nepal, and Singapore. Bangladesh has been excluded due to its low ranking in the EoDB index, and Sri Lanka has also been excluded despite a higher ranking than Pakistan, due to its economic collapse and default.

Singapore, with its consistent 2nd position in the EoDB index, has been included as a benchmark. Thus, China, Nepal, India, and Singapore are discussed in detail. The overall regional rankings are as follows (Ahmed, 2022):



Singapore

With favorable taxation policies and a strategic position within Southeast Asia, Singapore offers foreign investors exceptional access to the Asian market. Businesses operating in Singapore benefit from over 80 double taxation avoidance agreements, significant tax deductions, and numerous free trade agreements with neighboring countries. (Ahmed, 2022)

In addition to its political and economic stability, Singapore is a leading financial center in the ASEAN region. The city-state aligns closely with international business and trade standards such as those from the WTO and OECD.

However, the COVID-19 pandemic posed a significant challenge, causing a 5.8% economic contraction in 2020—its worst recession since independence. In response, the government injected over S\$109 billion (US\$80 billion) into the economy, offering both fiscal and non-fiscal support. A rebound of 3–5% was expected in 2022, although uneven across sectors, particularly tourism and aviation.

Despite these challenges, Singapore remains attractive to foreign investors due to the strength of its manufacturing, wholesale trade, information and communications, and finance sectors. It continues to offer advantages for companies establishing holding companies, branch offices, or regional headquarters.

India

India ranked 63rd among 190 countries in the World Bank's *Doing Business 2020* report. Since launching an ambitious regulatory reform program in 2014, India has risen 79 positions, from 142nd to 63rd, marking it as one of the top 10 improvers for the third consecutive time.

Over 25,000 compliances have been reduced to enhance the ease of doing business. Major achievements include:

- **Construction Permits:** Ranking improved from 184 (2014) to 27 (2019), mainly due to fewer procedures and faster timelines.
- **Getting Electricity:** Improved from 137 (2014) to 22 (2019); now takes 53 days and four procedures.
- **Other Indicators:** India ranks 13th in protecting minority investors and 25th in getting credit.

China

China ranked among the world's top 10 most improved economies for ease of doing business for the second consecutive year, due to a strong reform agenda (World Bank *Doing Business 2020*). It carried out a record eight reforms in one year and ranked 31st globally with a score of 77.9/100.

Key reforms included:

1. Integrating issuance of company seals into a one-stop registration process.
2. Simplifying building permit requirements for low-risk projects.
3. Streamlining electrical connections and tariff transparency.
4. Strengthening investor protection and corporate governance.
5. Implementing preferential tax rates for SMEs and enhancing e-filing.
6. Upgrading port infrastructure and customs processes.
7. Improving contract enforcement mechanisms.
8. Facilitating insolvency proceedings and creditor participation.

Despite these reforms, China still lags in paying taxes (rank 105), getting credit (80), and trading across borders (56). Compliance costs and time remain higher than in high-income OECD countries.

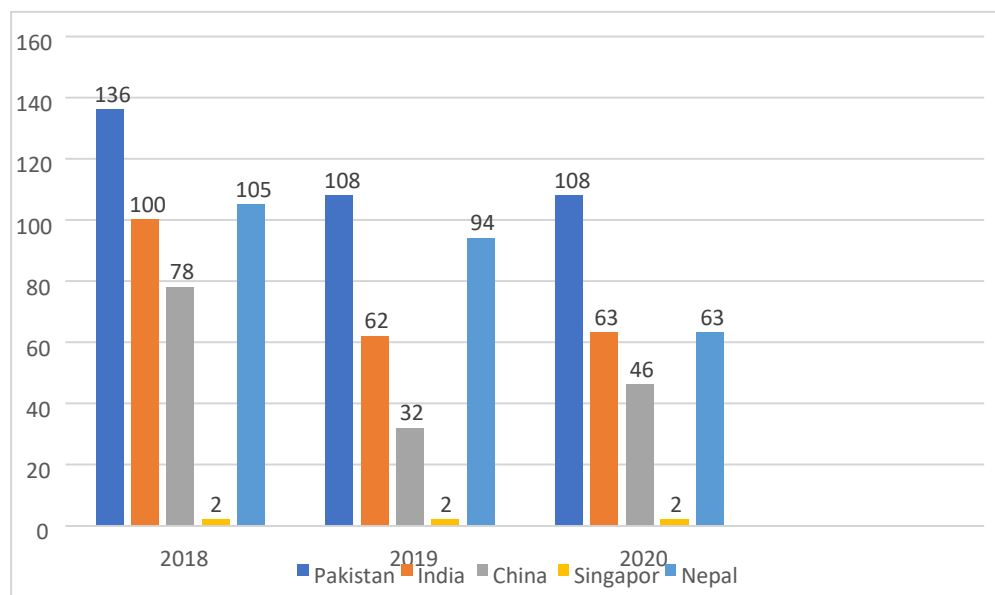
Nepal

Nepal achieved an all-time high rank of 94 out of 190 economies in the Doing Business Report 2020, with a score of 63.2 across various parameters. In the previous year, Nepal was ranked 110th, with a total score of 59.7. This significant improvement is primarily attributed to better access to credit information and enhanced ease in cross-border trade. However, despite progress in creating a more business-friendly environment, the process of starting a business has become more difficult, and the cost of property registration has increased (Karanja, 2021).

Economies that rank higher (typically between 1 and 20) generally have simpler and more business-friendly regulations for starting new enterprises. Among the 10 indicators used by the World Bank to assess the ease of doing business, Nepal improved in five, declined in three, and remained unchanged in the remaining two compared to the previous year.

Nepal performed best in access to credit information, ranking 37th out of 190 economies. This was achieved by expanding the scope and functionality of the Credit Information Bureau (CIB), which now oversees the credit functions of 116 banks, financial institutions, and borrowers. Easier access to accurate and reliable credit data has reduced borrowing costs and enabled lenders to make more informed credit decisions.

Similarly, Nepal scored well in cross-border trade, ranking 60th. Other improved indicators include dealing with construction permits, protecting minority investors, and resolving insolvency.



Lessons Learnt

Singapore's consistent position as 2nd in the World Bank Ease of Doing Business (EoDB) Index provides several valuable insights and best practices. The key lessons are:

1. **Establishment of a feasible business ecosystem** through a highly productive and supportive regulatory environment.
2. **Efficient company incorporation**, with procedures completed within **24 hours**.
3. **Favorable tax system and competitive tax rates**.
4. **One-stop center for intellectual property management**, supported by a robust IP protection framework.
5. **Recognition for low levels of corruption and high government efficiency**.
6. **Open trade policy** with minimal restrictions for traders.
7. **Simple and transparent tariff structure**.
8. **Exceptional border administration** and facilitation of international trade.
9. **High-quality transport infrastructure**, enabling efficient logistics.
10. **Superior customs services**, reducing time and cost for cross-border trade.
11. **Strong free-market fundamentals** within a corruption-free environment.
12. **Highest public trust in politicians**, reflecting stable governance.
13. **Minimal regulatory burden** on businesses.
14. **Maximum transparency in government policymaking**, fostering investor confidence.

Comparative Analysis: Singapore vs. Pakistan

I. Productivity Gap

Singapore has 24 times higher average productivity per worker than Pakistan. This gap is due to Pakistan's low per capita income, savings, investment, capital formation, and economic growth.

II. Sectoral Differences

- i. **Pakistan:** Dominated by agriculture and feudal structures. Agriculture contributes ~25% to GDP; industry and services make up the rest.
- ii. **Singapore:** Agriculture has negligible contribution. Industry contributes ~35% and services ~65% to GDP.

III. Human Development

- **Singapore:** Ranked 25th in the Human Development Index.

- **Pakistan:** Ranked 138th. The 113-rank gap reflects disparities in health, education, and income.

IV. Technological Advancement

Singapore's growth over the past 30 years is technology-driven. Pakistan lacks a solid technological base and remains underdeveloped in this domain.

- **Technology in Exports:**
 - Singapore: 66% (highest globally).
 - Pakistan: 0%.

Without investing in technology, Pakistan will struggle to achieve sustained, self-reliant growth.

The comparison of Pakistan and Singapore has been made as under:

Factor	Pakistan	Singapore
Area	796096 Sq Km	622 square km
Population	220 million	4 Million
GDP	\$65 billion	\$100 billion
Exports	\$9 billion	\$140 billion
employed labour force	38.3 million	2.5 million
Average productivities of labour	\$1700	\$ 40,000
industry sector	contributes one fourth	35 per cent of GDP
Services sector	one half	65 per cent of GDP
Industrial sector	without a "modern industrial sector"	"modern industrial sector"
Agriculture sector	one-fourth to the GDP	no share in the national output
Human Development Index (HDI)	138	25
average annual growth rate in GDP ten-year period of 1990-2000	3.7 per cent	7.8 per cent
Life expectancy	63	78
mortality rate per 1000 births	126	4
literacy rate	45 percent	45 percent
Technology	under-development	phenomenal growth
Corruption Perception index	140	4

Comparative Analysis of Pakistan with India and Bangladesh

In the World Bank's Ease of Doing Business (EoDB) Report 2020, Pakistan ranked 108th, while India stood at the 63rd position. As of 2020, India's GDP stood at \$2,709 billion, approximately ten times larger than Pakistan's GDP of \$263 billion. India's economically largest state, Maharashtra, alone has a GDP of \$398 billion, which surpasses that of Pakistan.

After jumping 23 places to reach the 77th position in the previous Doing Business Report, India aimed for a top-50 ranking in the next report. To achieve this, India implemented at least 35 reforms within 12 months that significantly reduced costs, time, documentation, and procedures required to conduct business. (Desk, 2022)

Key reforms by India:

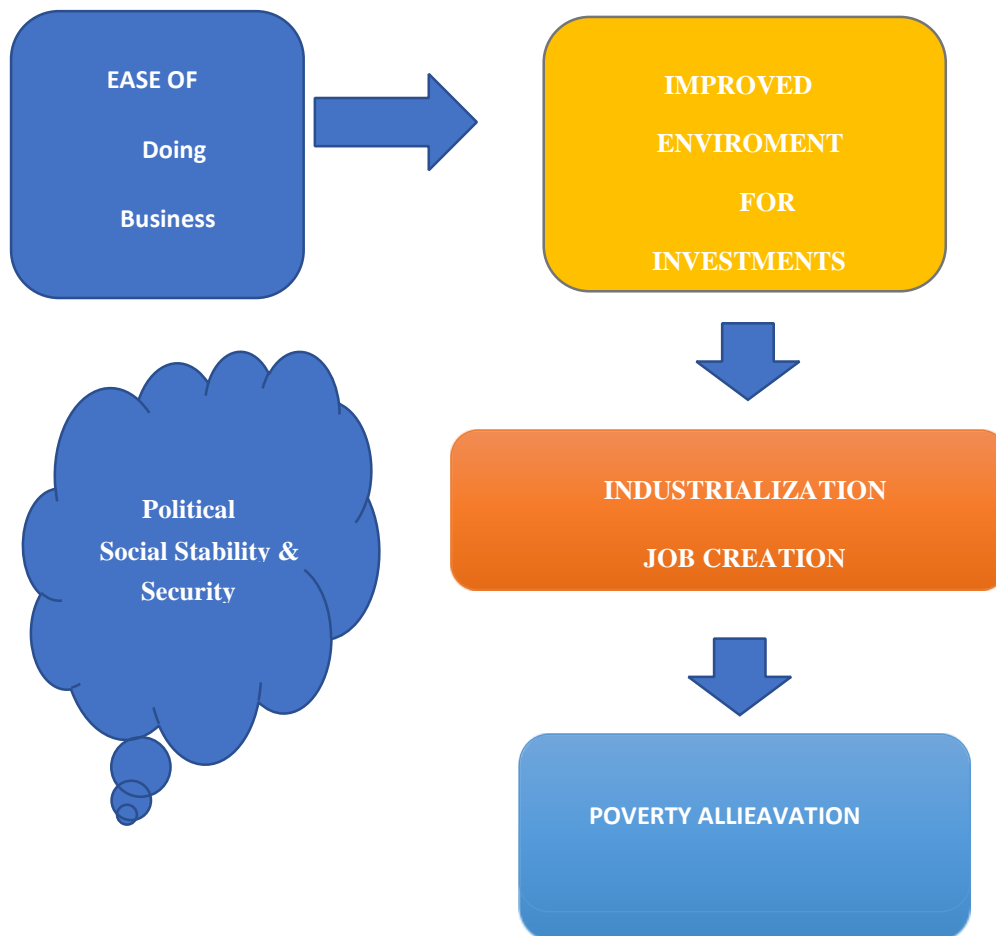
- Simplified procedure for filing Goods and Services Tax (GST) returns.
- Elimination of incorporation fees for small businesses.
- Improved recovery rate under the Insolvency and Bankruptcy Code 2016.
- Introduction of a color-coded dashboard to track customs clearance in real-time.
- In Construction Permits, India moved up 132 places in four years, ranking 52nd in 2018.
- In Getting Electricity, India rose to 24th place – up from 137th in 2014.
- vii. In Trading Across Borders, India climbed to 80th place, from 126th in 2014.
- In Paying Taxes, the GST filing process was simplified, making it faster.
- In Starting a Business, the Ministry of Corporate Affairs eliminated the incorporation fee for companies with an authorized capital of up to Rs. 15 lakh.
- The Department of Revenue removed the requirement for a bank account for GST registration, eliminating two procedural steps.
- In Construction Permits, warehousing costs were reduced in Delhi and Mumbai.

Issues & Challenges for Pakistan

1. Absence of a comprehensive legal framework for EoDB.
2. High cost of doing business hampers effective EoDB implementation.
3. Shortage and high costs of utilities (electricity and gas) disrupt economic activity.
4. Delayed dispute resolution mechanisms negatively impact the EoDB index.
5. Bureaucratic red tape disrupts business and industrial operations.
6. Political instability leads to poor implementation of EoDB reforms.
7. Widespread economic instability in the country.
8. The law and order situation adversely affects economic growth.
9. Lack of urban-rural synergy in infrastructure and investment development.
10. Terrorism threats, especially against foreign and Chinese projects, deter FDI.
11. Limited access to finance continues to be a challenge in EoDB reforms.
12. Need for expansion of the Raast Modernization Financing Scheme and Working Capital Financing Scheme for SMEs and LME sectors.
13. Lack of structured R&D practices in organizations.
14. Insufficient support for women entrepreneurship in the EoDB framework.
15. Frequent bureaucratic transfers/postings create inconsistency in policy implementation.
16. Adverse geo-political conditions (Afghan issue, Ukraine war, strained US relations, India's hostility) impact the economy.
17. Pakistan faces strong international market competition.
18. International pressures from bodies like the Financial Action Task Force (FATF) and the IMF Program add to economic challenges.

Impact of Ease of Doing Business on Poverty Alleviation

EASE OF DOING BUSINESS FLOW DIAGRAM



Ease of Doing Business initiative is adopted by the governments on the World Bank's recommendation to create a business-friendly environment and attract foreign direct and domestic investments. As a result, business and industrial activities increase, and the economy grows. Previous studies reveal that there is a link between Ease of Doing Business (EoDB) and foreign direct investment (FDI) and domestic investment, which in turn increases the opportunities for business and industrialization. Countries with advanced industrialization and a greater contribution of industry to GDP have strong economic indicators, such as better foreign reserves, GDP growth rate, GDP/GNP size, and per capita income. The studies also indicate that when these indicators are high, the poverty level is low.

When we take the case of Pakistan, we see that the EoDB index has improved from 147 to 108. Steps have been taken to simplify procedures, bring automation, establish one-window operations, and comply with other indicators for a business- and industry-friendly environment. During this period, industrial business activities have increased. A total of 22 Special Economic Zones (SEZs) have been approved. The industrial growth rate remained 3.6% in 2021, according to the Finance Division. In Khyber Pakhtunkhwa, five SEZs have been established in the last two years, around 160 sick units have been made functional, and 260 startups have been initiated so far. Moreover, the federal and provincial governments arranged the Dubai Expo in 2022 to showcase the potential investment sectors of Pakistan. In this expo, the Government of Khyber Pakhtunkhwa (GoKP) attracted 49 MoUs worth \$8B.

Poverty is about not having enough money to meet basic needs, including food, clothing, and shelter. However, poverty is more than just not having enough money. Poverty has many faces, changing from place to place and across time, and has been described in many ways. The World Bank describes poverty as follows:

"Poverty is hunger. Poverty is lack of shelter. Poverty is being sick and not being able to see a doctor. Poverty is not having access to school and not knowing how to read. Poverty is not having a job, is fear for the future, living one day at a time."

To analyze the impact of EoDB as a tool for poverty alleviation, eight indicators showing the status of the economy over the last seven years have been selected in the case of Pakistan. A graphical presentation is as follows:



Source: Economic Survey of Pakistan 2021-22

Limitations

Some caveats regarding the rankings and key information presented must be considered:

- **Doing Business** did not measure all aspects of the business environment that matter to firms or investors, such as macroeconomic conditions, the level of employment, corruption, stability, or poverty in every country.
- **Doing Business** did not consider the strengths and weaknesses of the global financial system or the financial systems of every country. It also doesn't consider the state of the finances of each country's government.
- **Doing Business** does not cover all the regulations or regulatory requirements. Other types of regulation, such as financial market, environmental, or intellectual property regulations relevant to the private sector, are not considered.
- The **Doing Business** report was not intended as a complete assessment of competitiveness or the business environment of a country and should be considered as a proxy for the regulatory framework faced by the private sector in a country.
- The resource constraints in developing countries are not included in the EoDB index.
- Business and industrial activities demand continuity; however, this has not been counted in the report.
- There are also capacity issues within departments and business/industrial units that are not included in the index.

Many important policy areas are not covered by **Doing Business**. Even within the areas it measures, the scope is narrow. **Doing Business** does not measure the full range of factors, policies, and institutions that affect the quality of an economy's business environment or its national competitiveness. It does not, for example, capture aspects of macroeconomic stability, development of the financial system, market size, the incidence of bribery and corruption, or the quality of the labor force.

Conclusion

The World Bank Group's Doing Business project devised a set of 10 objective indicators for the "Ease of Doing Business," which focus on the impacts of laws, regulations, and their enforcement across 190 economies. Pakistan has made remarkable and continued efforts to improve the business environment in the country by implementing almost 300 reforms since 2016, improving its EoDB ranking by 39 positions in 2020, reaching the 108th position. This effort has significantly contributed to improving the investment climate in the country. Pakistan was recognized as the top reformer in South Asia and the sixth reformer globally.

Ease of doing business facilitates both domestic and foreign investment, ultimately increasing industrial and business activities. The primary aim is to create a business-friendly environment and, as a result, strengthen the economy by improving key indicators such as foreign reserves, GDP growth rate, GDP/GNP size, and per capita income. As a result of improved economic indicators, the poverty level tends to decrease.

In the case of Pakistan, this analysis was based on eight indicators over the last seven years, which revealed fluctuations between the position in the EoDB index and the indicators affecting poverty alleviation levels. The effect on poverty alleviation in the country has been relatively small. However, the studies also reveal that many important policy areas are not covered by the EoDB, as its scope is narrow. It does not measure the full range of factors and policies, such as macroeconomic stability, development of the financial system, market size, the incidence of bribery and corruption, the quality of the labor force, political and economic instability, and others.

Through a comparative analysis with other countries like Nepal, Singapore, India, and China, a common factor or lesson learned for Pakistan is the need for a strong and stable political setup. Continuity of policies is crucial, as it will ultimately result in industrialization, leading to the goal of poverty alleviation. The issues and challenges have been identified based on various analysis techniques and tools, and, at the end, recommendations for policy interventions and remedial measures have been provided.

Recommendations

Short Term	Medium Term	Long Term
<p>1. Targeted subsidies should be provided by the Federal and Provincial Governments to SMEs and industrial units.</p> <p>2. A robust automation, timeline, monitoring, and accountability system may be implemented by the relevant departments.</p> <p>3. Access to finance in the EoDB initiative by the SBP should be addressed.</p> <p>4. The extension of limits and sectors in loan schemes, like Khyber Pakhtunkhwa Raast schemes, may be enhanced by the Industries Departments and BOK, etc.</p>	<p>1. A legal framework for EoDB should be framed by the Federal and Provincial Governments.</p> <p>2. Judicial reforms related to EoDB and the ADR mechanism should be established.</p>	<p>1. A broad consensus-based policy should be formed to address other important factors like political and economic stability, as well as effective energy, foreign, and security policies.</p> <p>2. Rural/urban synergy regarding infrastructure and investment should be maintained.</p> <p>3. The gap between theory and policy implementation should be addressed through good governance and an accountability framework.</p> <p>4. More coordination is needed among government units, especially within each provincial level.</p> <p>5. Introduction of a market-based economy model, following India's approach.</p>

References

1. Ministry of Foreign Affairs of the People's Republic of China. (n.d.). Overview of Balochistan. Retrieved from <https://www.mfa.gov.cn/ce/cgkr//eng/lqgk/t264247.htm>
2. University of Central Arkansas. (n.d.). Pakistan: Balochistan (1947–present). Retrieved from <https://uca.edu/politicalscience/dadm-project/asiapacificregion/pakistanbalochistan-1947-present>
3. World Bank. (2020). World development indicators. Retrieved from <https://www.data.worldbank.org/indicator?tab=all>
4. Zameen.com. (2021, July 7). Doing business in Pakistan: Reforms overview. Retrieved from <https://www.zameen.com/blog/doingbusiness-pakistan-reforms.html>
5. World Bank. (2021). Business enabling environment. Retrieved from <https://www.worldbank.org/en/programs/businessenabling-environment>
6. Ministry of Finance, Government of Pakistan. (2022). Pakistan economic survey 2021–22. Retrieved from https://www.finance.gov.pk/survey_2022.html
7. Board of Investment, Government of Pakistan. (2022). Investment portal of Pakistan. Retrieved from <https://www.invest.gov.pk>
8. State Bank of Pakistan. (2022, June 30). Ease of doing business. Retrieved from <https://www.sbp.org.pk/fs/ease/>
9. Pakistan Doing Business. (2022). Pakistan doing business portal. Retrieved from <https://www.pakistandoingbusiness.com>
10. Ahmed, K. (2022, July 25). Investing in a troubled Pakistan. Newsweek Pakistan. Retrieved from <https://www.newsweekpakistan.com/investing-in-a-troubled-pakistan/>
11. Akhtar, S. (2020, June 30). Paying taxes: Ease of doing business in Pakistan. Federal Board of Revenue. Retrieved from <https://download1.fbr.gov.pk/Docs/2019319203447785PayingTaxesEaseofDoingBusiness.pdf>
12. Arunita. (2021, February 10). India's reforms for ease of doing business. The Times of India. Retrieved from <http://timesofindia.indiatimes.com/articleshow/79450051.cms>
13. Bokhari, F. (2022, July 27). Pakistan's economic dilemma. The News International. Retrieved from <https://www.thenews.com.pk/print/977114-pakistan-s-economic-dilemma>
14. Encyclopaedia Britannica. (n.d.). Balochistan. Retrieved from <https://www.britannica.com/place/Balochistan>
15. Cheema, A. R. (2017, May 27). The politics of Balochistan. Dawn. Retrieved from <https://www.dawn.com/news/1334589>

16. News Desk. (2022, June 29). Govt takes measures for ease of doing business: Miftah Ismail. Mettis Global. Retrieved from <https://mettisglobal.news/govttakes-measures-for-ease-of-doing-business-miftah-ismail/>
17. Feyyaz, M. (2021). Constructing Baloch militancy in Pakistan. *South Asian Journal*, 1-22.
18. Ijaz, D. G. (2022, July 19). Ambitious reforms in Pakistan: The need of the hour. *Global Village Space*. Retrieved from <https://www.globalvillagespace.com/ambitious-reforms-in-pakistan-the-need-of-the-hour/>
19. Press Information Bureau. (2022). India's development updates. Retrieved from <https://pib.gov.in/newsite/PrintRelease.aspx?relid=184513>
20. Jenkins, M. (2018, December 20). Integrity risks for international businesses in Pakistan. U4 Anti-Corruption Resource Centre. Retrieved from <https://www.u4.no/publications/integrity-risks-for-international-businesses-in-pakistan.pdf>
21. Joshi, S. (2022, July 19). Global CEOs losing confidence in Pakistan. *The Print*. Retrieved from <https://theprint.in/go-to-pakistan/globalceos-losing-confidence-in-pakistan-even-business-hub-karachi-has-a-securityproblem/1046157/>
22. Karanja, M. (2021, February 22). Ease of doing business in Rwanda. PwC. Retrieved from <https://www.pwc.com/rw/en/publications/ease-of-doing-business.html>
23. Malik, A. (2022, March 31). [Article Title]. *Metis Journals*. Retrieved from <http://www.metisjournals.com/index.php/awe/article/view/21/30>
24. Naqvi, A. (2022, March 13). Does Pakistan mean business? *The News on Sunday*. Retrieved from <https://www.thenews.com.pk/tns/detail/940867-does-pakistan-mean-business>
25. Ozgen, A. (2021, December 12). Ease of doing business. *The News on Sunday*. Retrieved from <https://www.thenews.com.pk/tns/detail/915903-ease-of-doing-business>
26. Sadaf, K., & Kashif, N. D. (2022, March). Understanding a big elephant and its small chains: SWOT analysis of Pakistan's economy. *ResearchGate*. Retrieved from https://www.researchgate.net/profile/Muhammad-Dogar-6/publication/359107647_Understanding_a_Big_Elephant_and_its_Small_Chains_SWOT_Analysis_of_Pakistan's_Economy

27. Seth, D. (2019, June 30). Ease of doing business ranking: India cites reforms to get top 50 spot. Business Standard. Retrieved from https://www.business-standard.com/article/economy-policy/ease-of-doing-business-ranking-india-citesreforms-to-get-top-50-spot-119063000795_1.html
28. State Bank of Pakistan. (2019). Annual report FY19 (Chapter 7). Retrieved from <https://www.sbp.org.pk/reports/annual/arFY19/Chapter-07.pdf>
29. World Bank. (n.d.). The role of trade in ending poverty. Retrieved from <https://www.worldbank.org/en/topic/trade/publication/the-role-of-trade-in-endingpoverty>