

# Ease of Doing Business index in Sri Lanka

## Department of Manpower & Employment



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### What is EDBI

The ease of doing business index is an index leading economists at the World Bank Group.

Economies are ranked on their ease of doing business, from 1–190. A high ease of doing business ranking means the regulatory environment is more conducive to the starting and operation of a local firm. The rankings are determined by sorting the aggregate scores on 10 topics, each consisting of several indicators, giving equal weight to each topic.

**A nation's ranking on the index is based on an average of 10 sub indices:**

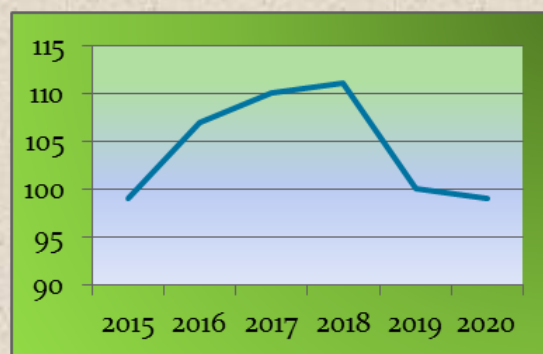
- (i) Starting a business – Procedures, time, cost, and minimum capital to open a new business
- (ii) Dealing with construction permits – Procedures, time, and cost to build a warehouse
- (iii) Getting electricity – procedures, time, and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse
- (iv) Registering property – Procedures, time, and cost to register commercial real estate
- (v) Getting credit – Strength of legal rights index, depth of credit information index
- (vi) Protecting investors – Indices on the extent of disclosure, the extent of director liability, and ease of shareholder suits

(vii) Paying taxes – Number of taxes paid, hours per year spent preparing tax returns, and total tax payable as a share of gross profit

(viii) Trading across borders – Number of documents, cost, and time necessary to export and import

(ix) Enforcing contracts – Procedures, time, and cost to enforce a debt contract

(x) Resolving insolvency – The time, cost, and recovery rate (%) under a bankruptcy proceeding



Sri Lanka's ranking in the EDBI from 2015 to 2020

EDBI in 2020	
EDBI Ranking	99
EDBI Score	61.8
Top Position	New Zealand
No. of Assess Countries	190

### Recommendations to improve SL's EDBI

- Shorten the time for registration
- Reduce the costs of registering a company
- Set a minimum company revenue for auditing to be needed
- Enforcing contracts and having faster business courts
- Establish more co-working spaces

(Source: World Bank Report)

***“Sri Lanka is positioned at the traffic circle of major shipping routes linking South Asia, Far East and the Pacific with Europe and America, and is well located next to the fast growing Indian sub-continent with close proximity to Southeast Asia and the Middle East. Accordingly, if we could reach to a favorable position in the EDBI, a great potential is there to emerge as a business economy with the advantage of the strategic location of the country.”***