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An instinct for growth™

Grant Thornton Dynamism Index: Model developed by the Economist Intelligence Unit (EIU)

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# Global Dynamism Index 2013

## India: Business growth fundamentals





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# A word from our Global CEO

I am delighted to present the Grant Thornton Global Dynamism Index (GDI) 2013. The index ranks 60 of the largest economies in the world on 22 indicators of dynamism to reveal where business growth environments have improved most over the past 12 months. The global economy has undoubtedly entered a new phase following the financial crisis. As central banks in developed markets begin to taper huge asset-buying programmes, the era of easy money is drawing to a close. It looks set to be replaced by a period of slower growth in both emerging and mature markets.

Despite an improvement in the dynamism of the financing environment, a difficult year for the economy – the rate of growth was the slowest in a decade – means India dropped down the rankings to 48th place this year. The sharp fall in the rupee has stoked inflation and hampered importing businesses. But the hope is that recent reforms, such as the Companies Act and opening of certain sectors to foreign investment, will boost the dynamism of the economy.



**Ed Nusbaum**

CEO

Grant Thornton International Ltd.



# Foreword

Over the first decade of the new millennium, the global economy witnessed an epochal shift in power from the West to East. The extraordinary rise of the emerging markets over the last decade has redefined the balance of power in the global economy. The fact is mirrored by the Grant Thornton Global Dynamism Index (GDI), wherein the Philippines (25), China (17), Malaysia (11) and Japan (10) have all scaled the rankings.

However, the spillover of the economic crises in the developed markets has manifested weaker growth prospects in emerging markets, which in turn, is expected to critically impact the global growth forecasts, at least in the short term. This, together with rebalancing of the mass of economic activity, has entrusted greater responsibility on the emerging economies in the new global economic world order. India, with its magnitude of economic growth and development in the recent years, continues to play a critical role in reinforcing the health of the global economy.

The GDI Index model was developed by the Economist Intelligence Unit (EIU) to assess the dynamism of 60 of the world's largest economies on 22 indicators of dynamism across five categories: economics & growth, business operating environment, financing environment, labour & human capital and science & technology. The index underscores the need for an inclusive growth strategy for an economy. What is particularly alarming is that this year, India has fallen 16 places to 21, from being the 5th most dynamic country in terms of economics & growth in the last year's index. Clearly, the sentiment has changed quite dramatically.

The top rank in terms of the overall measure of dynamism is occupied by Australia, which performed consistently across all five categories: economics & growth, business operating environment, financing environment, labour & human capital and science & technology. Australia performed strongly in 2012 as well, and has climbed seven places in 2013 to the top position, driven largely by the relative improvements in labour productivity and real Gross Domestic Product (GDP) growth.

As the growing economic uncertainties continue to pose a risk to derail the overall global economic development, I am hopeful that the GDI results will provide economies the requisite foresight to inculcate best practices, address the ease of doing business and thereby attempt to overcome growth challenges.

With best regards,

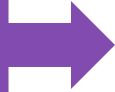


**Vishesh C. Chandiok**  
National Managing Partner  
Grant Thornton India LLP



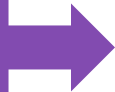
# Introducing GDI 2013

What is  
Global  
Dynamism  
Index  
(GDI)?



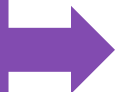
GDI assesses the dynamism of 60 of the world's largest economies.

What does it  
measure?



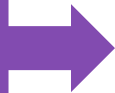
- dynamism refers to the changes in an economy which are likely to lead to a fast future rate of growth
- GDI ranks the development of the business growth environments of each economy in the past year

How is it  
calculated?



Economies are ranked on 22 indicators across five categories: economics & growth, business operating environment, financing environment, labour & human capital and science & technology.

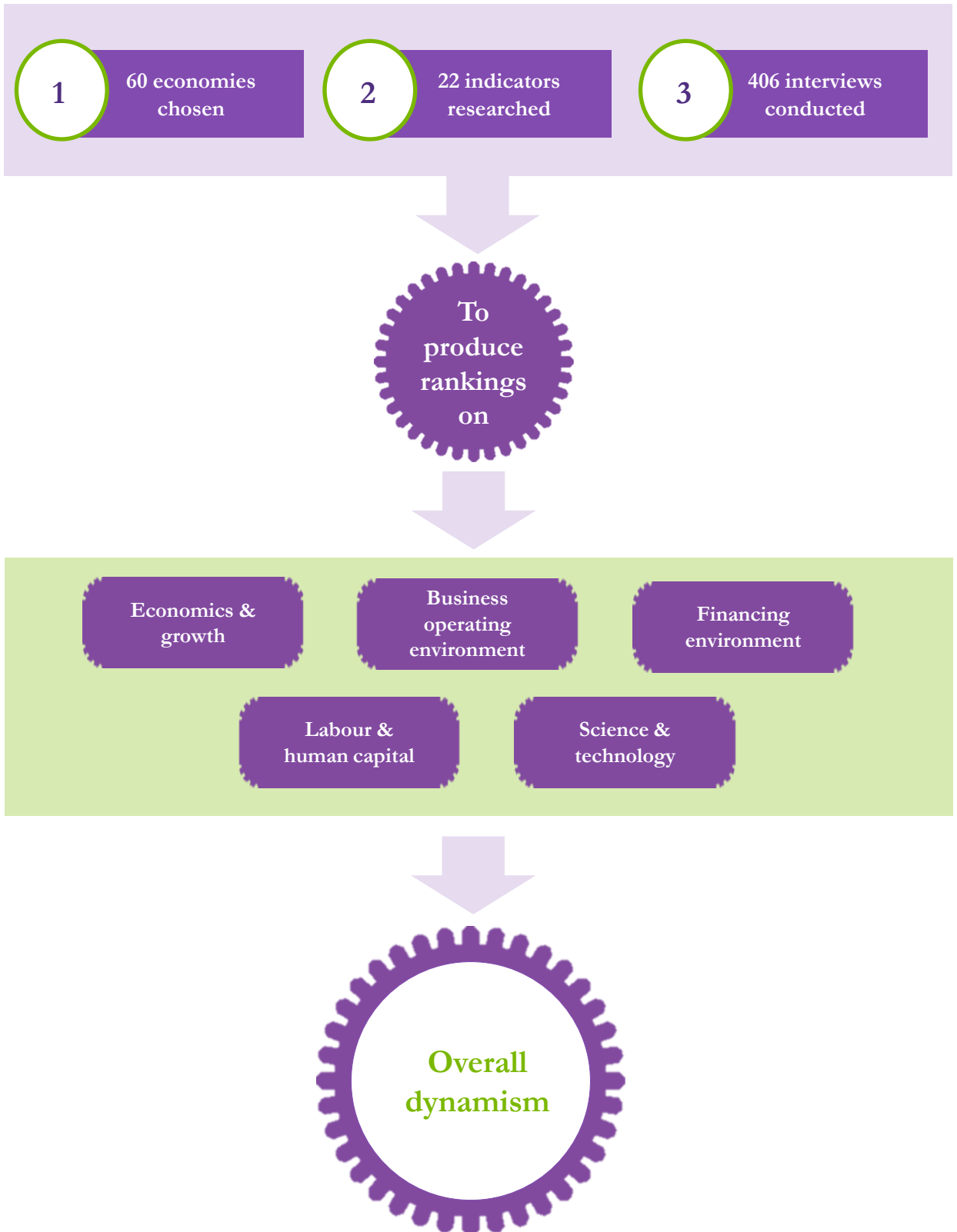
What is new  
in 2013?



10 new economies have been added since 2012: *Algeria, Hong Kong, Kenya, Morocco, Pakistan, Peru, Romania, Saudi Arabia, Thailand and Ukraine.*



# Methodology



# Key findings: Overall dynamism

## Top 5

1

**Australia**

Up from 7 in 2012

3

**China**

Up from 20 in 2012

2

**Chile**

Up from 11 in 2012

4

**New Zealand**

Up from 13 in 2012

**Finland**

Down from 2 in 2012

5

**Canada**

Up from 16 in 2012

“

The key drivers behind Australia's rise this year are labour productivity (2.6%) and real GDP growth (3.6%). These are not increases to compete with China by any stretch of imagination but they are very strong by advanced economy standards.

And when combined with sound business growth infrastructure – Australia ranks high for the dynamism of its business operating (6) and financing (11) environments – you are left with a very competitive economy.

”

**Robert Quant**  
Managing Partner  
Grant Thornton Australia





# Key findings: Overall dynamism

## Risers & fallers



**The Philippines (+25)**



**China (+17)**



**Venezuela (+15)**



**Argentina (-19)**



**Italy (-19)**



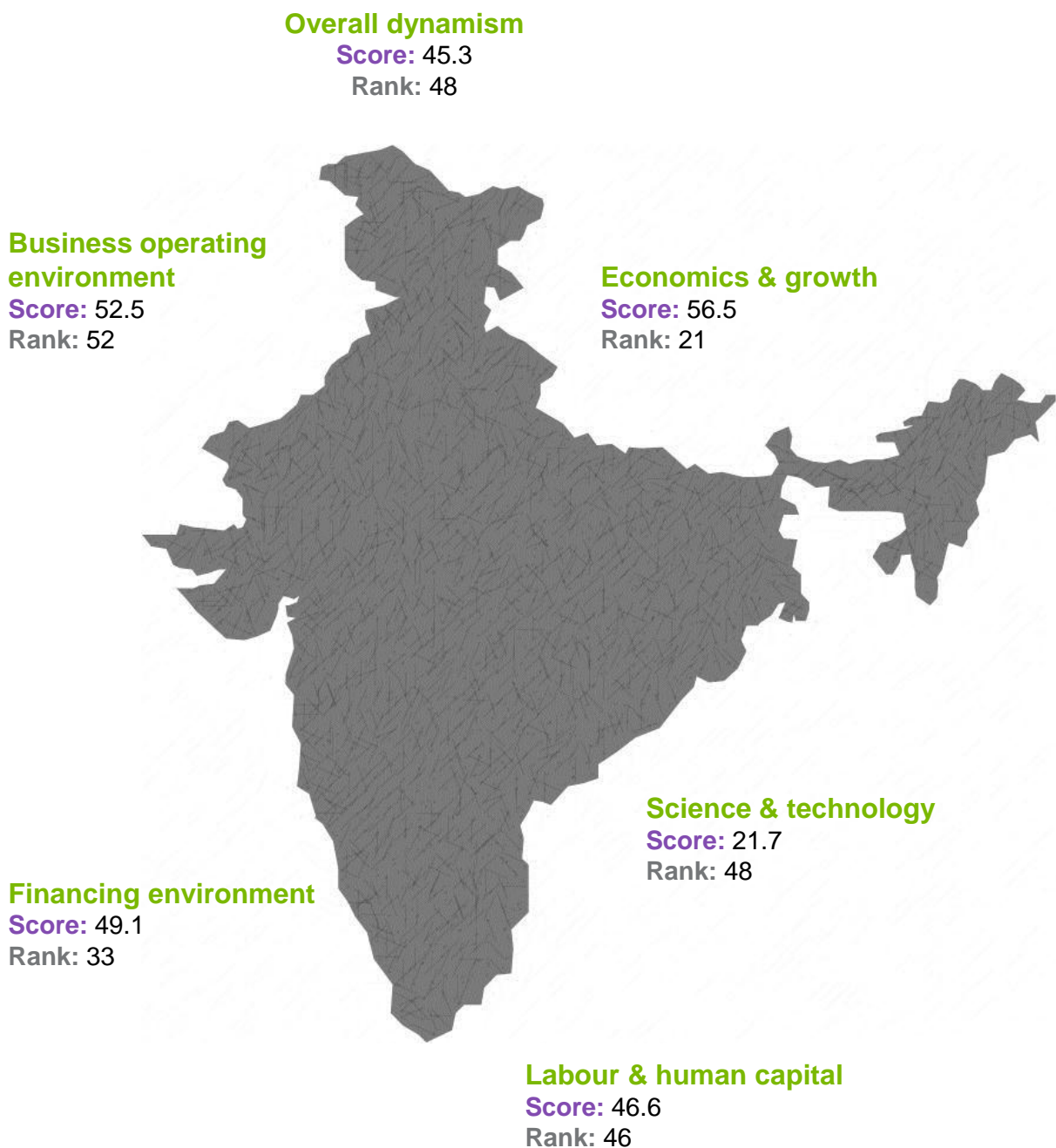
**The Netherlands (-17)**



**India (-6)**

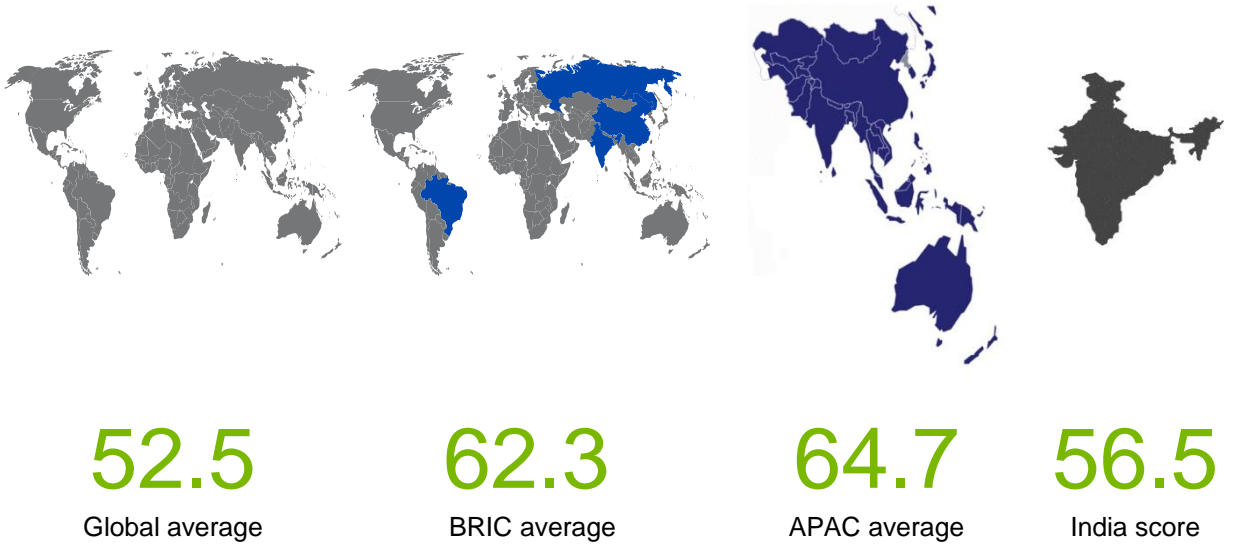


# India's scores on GDI

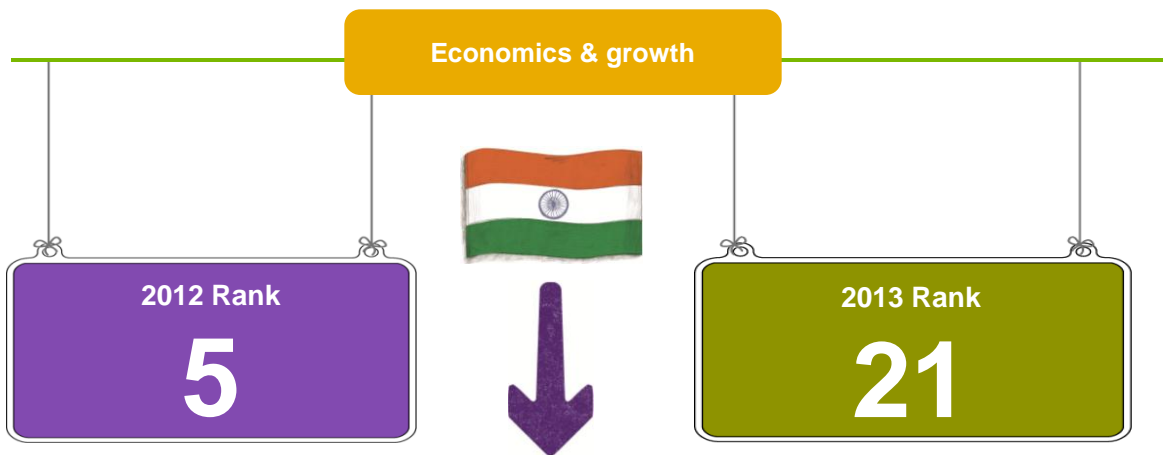


**Figure 1:** Scores on a scale of 1-100; Ranking on the basis of 60 countries covered in the survey

# Economics & growth



**Figure 2:** Economics & growth score  
Normalised score (Max=100, Min=0)



# Economics & growth



India ranked 5th on this indicator in 2012 but has fallen 16 places to 21 (out of 60) this year. This drop is largely driven by a fall in real GDP growth last year. The country registered the slowest pace of economic growth, measured in terms of GDP, in a decade during 2012.

Further, the sharp slump of rupee against the dollar further exacerbated the economic woes of the country. Slow progress of structural reforms, contraction of industrial production, slowdown in fixed capital formation and elevated inflation continued to constrain the growth potential of the Indian economy during the year.



## Yogesh Sharma

Partner

Assurance

Grant Thornton India LLP



China is slowing so I was delighted to see how our economy performed on GDI 2013. The days of rampant, double-digit expansion are in the past as we move away from massive investment and export dependency towards a more sustainable, consumption-driven model of growth.

This rebalancing offers both challenges and opportunities for dynamic organisations. How these businesses adapt to the changing environment will be key to their growth prospects.



## Xu Hua

Managing Partner

Grant Thornton China

# Economics & growth

## Indicators

- real GDP growth
- private consumption growth
- stock market growth

Top scorer: **Venezuela**



89.8

Rank 2: **China**



89.3

Rank 3: **Nigeria**



80.3

In this year's index, Venezuela ranks 1 for economics & growth; on consumption growth (per capita) alone, the economy climbed 49 places to rank 1. Further, the economy also showed big improvements in science & technology, along with strong growth in broadband connectivity and total IT spending.

Venezuela's climb up the rankings is driven by its strong economic performance during the past year. Real GDP in the economy grew by 5.6% in 2012. According to the Central Bank of Venezuela, the robust economic expansion of the country during the period can be attributed to strong consumption and investment, a slew of structural reforms, positive growth registered by sectors including construction, communications, finance, commerce and manufacturing, increased financing by banks, among others. Fueled by expansion of the private sector business and robust GDP growth, Venezuela emerged as the most dynamic economy on this indicator.



Rank  
2012

## India: Indicators – Economics & growth

Rank  
2013

5

- Real GDP growth



20

20

- Private consumption per head growth



35

40

- Change in dollar value of stock market index



17

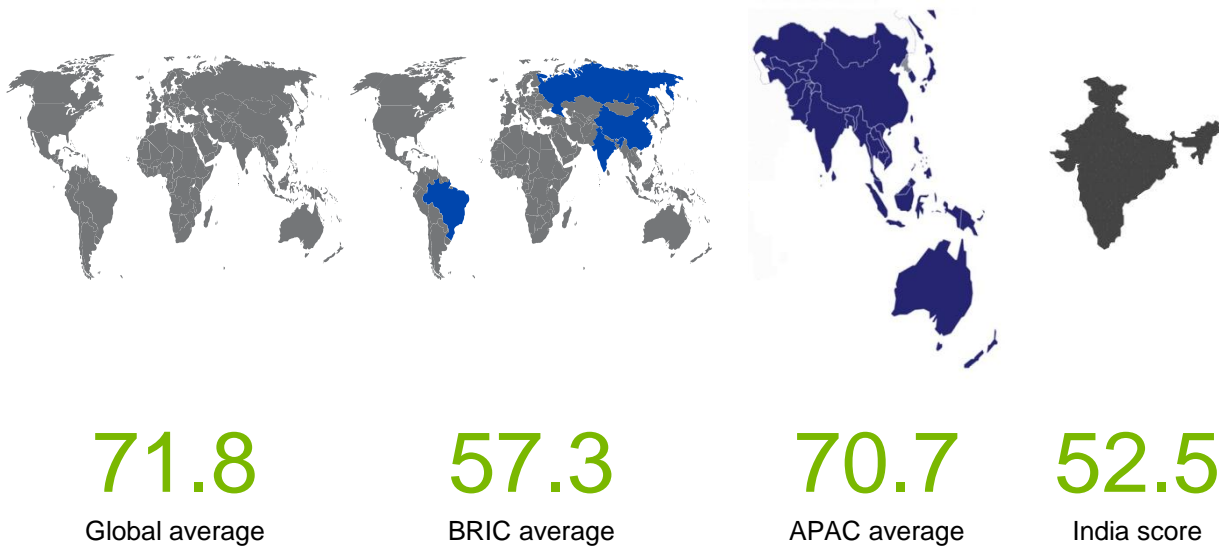


Declined rank

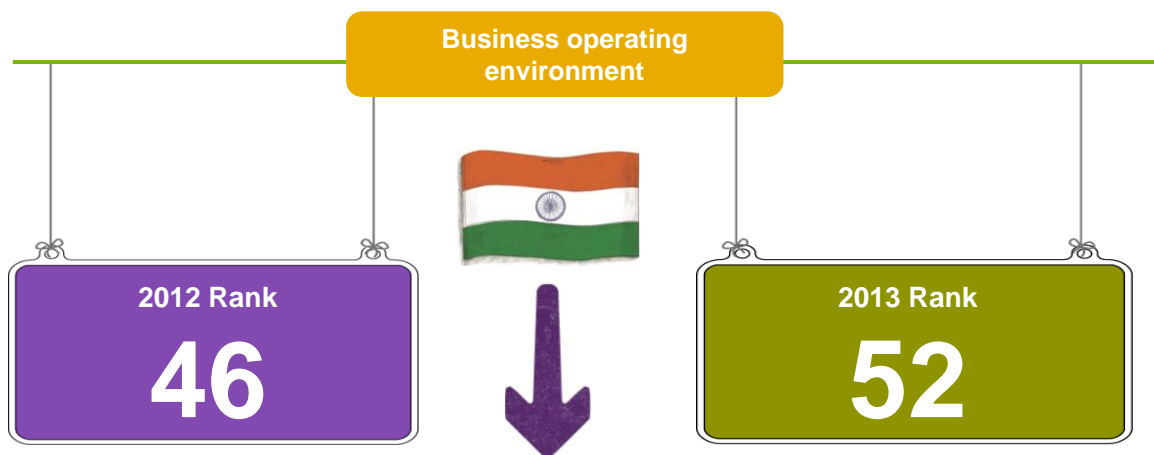


Improved rank

# Business operating environment



**Figure 3:** Business operating environment score  
Normalised score (Max=100, Min=0)



# Business operating environment



Economies, today, are operating in an extremely interlinked, complex and fast-shifting marketplace. Over the past several years, India, with its robust growth trajectory, has occupied a prominent place in the global business environment. However, amidst sluggish structural reforms and slow economic growth in recent times, there has been waning confidence of new investors in the Indian business environment.

India is caught between slowing growth and a volatile Rupee – ranking 52 for the dynamism of its business growth environment, which points towards an urgent need for reforms in the Indian economy. The recent crises in the forex and other markets should drive India to further reforms and enable it to recoup its place much higher in the ranking than in the past.



**Harish H V**  
Partner  
India Leadership Team  
Grant Thornton India LLP



Sweden is an open, trade-oriented economy with a strong emphasis on supporting enterprise. It is therefore not unsurprising, yet pleasing, to find the economy ranked third for the dynamism of our business operating environment in GDI 2013.

A strong operating environment offers key safeguards and security to business leaders. The weaker the operating environment, the higher the risk of a particular investment.



**Peter Bodin**  
Managing Partner  
Grant Thornton Sweden



# Business operating environment

## Indicators

- political stability
- legal & regulatory risk
- private enterprise policy
- foreign trade & exchange controls

Top scorer: Ireland



92.5

Rank 2: Canada



92

Rank 3: Sweden



91.9

Ireland ranks as the top economy on this measure of dynamism in this year's index. The attractiveness of Ireland as an inward investment destination is driven largely by Research and Development (R&D) tax credit, holding company regime, low rate of corporation tax (12.5%) along with several other tax incentives. Besides, Ireland also provides tax allowances for intellectual property, low (if any) tax on certain foreign dividends, intellectual property stamp duty exemption, among others. Together, these conducive regulatory provisions encourage business development in the country. Today, Ireland offers an European base to over 1,000 companies.

For India to regain its competitive position on this measure of dynamism, it is imperative to ease the cumbersome regulatory systems, institute a sound financial market infrastructure and optimally leverage human capital. Streamlining multiple rules and regulations, fast-tracking approval of new projects and making sustained investment in human capital can go a long way in improving India's surge on the radar screen of companies globally.

## Rank 2012 India: Indicators – Business operating environment Rank 2013

48	• Foreign trade and exchange regimes and control	53
38	• Policy towards private enterprise and competition	40
40	• Political stability	43
44	• Legal and regulatory risk	49



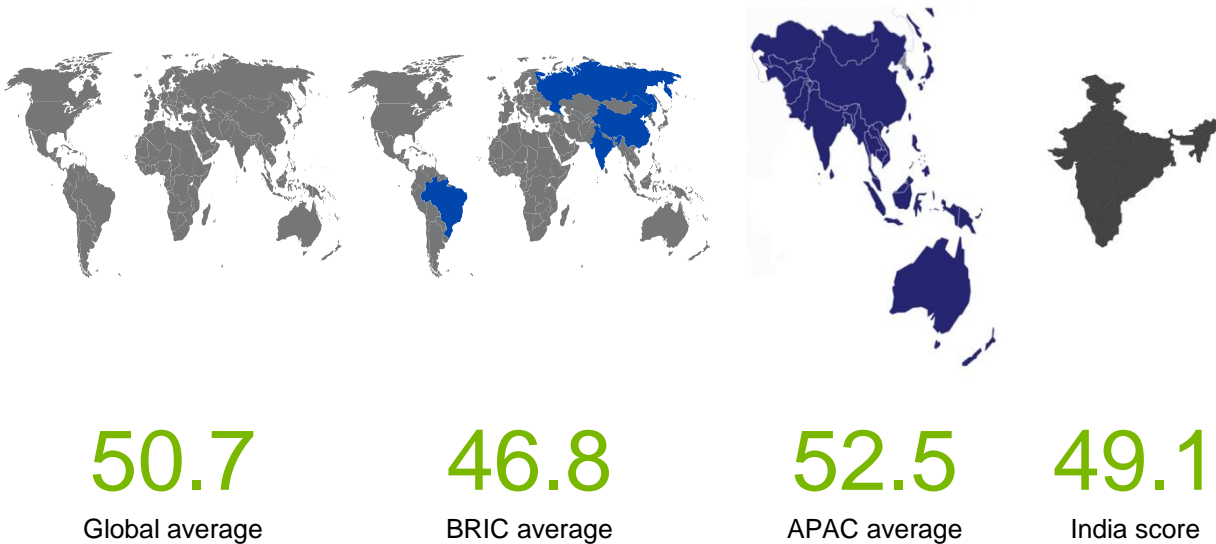
Declined rank



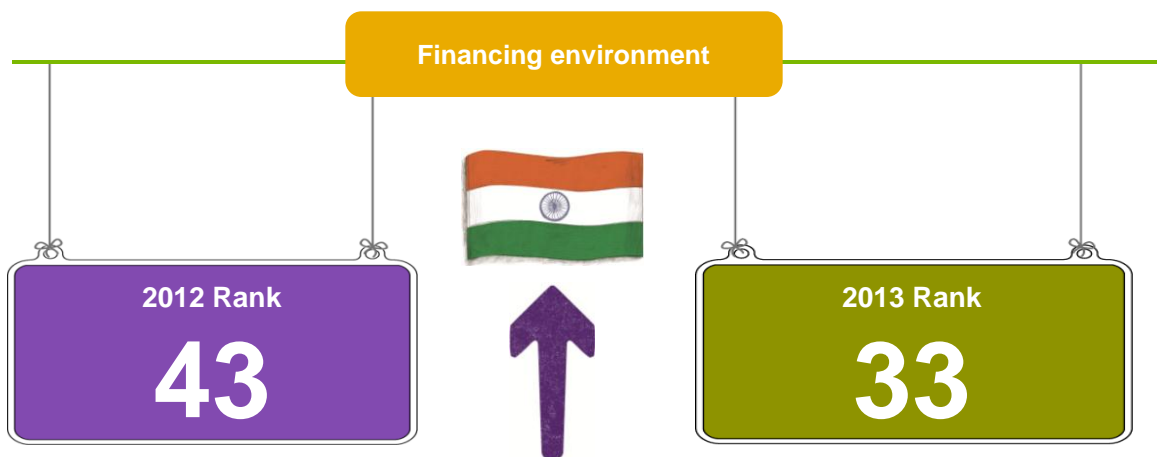
Improved rank



# Financing environment



**Figure 4:** Financing environment score  
Normalised score (Max=100, Min=0)



# Financing environment



Over the past several years, India has experienced a massive wave of economic transformation catalysed by the strengthening of the stock market, rapid development of the derivatives market and significant foreign portfolio inflows. During 2011-12, the real GDP of the country and Foreign Direct Investment (FDI) inflows grew to INR 52,220 billion and US\$46.8 billion, respectively.

In this year's index, India moved up 10 places from 43 to 33. This progress was largely driven by low levels of private sector indebtedness, in which the economy ranks 1, at par with Brazil, Canada and Germany. Further, India also ranks 24 for access of firms to finance and 16 for value of M&A deals in 2012. These values are indicative that the global investor community is positive about India's long-term growth prospects.



## Siddhartha Nigam

Partner  
Lead Advisory  
Grant Thornton India LLP



Ranking second in GDI 2013 is an incredible achievement and speaks of the continuing development of the economy in terms of rules and regulations, political and institutional stability, the ease of doing business and access to finance.

Entry into the OECD (Organisation for Economic Cooperation and Development) in 2010 – which requires economies to meet standards in a wide range of policy areas – confirms the progress that has been made over the past two decades.



## Jaime Goñi

Managing Partner  
Grant Thornton Chile



# Financing environment

## Indicators

- financial regulatory system
- access to capital
- inward M&A deals
- private sector indebtedness
- inward direct investment
- corporate tax burden

Top scorer: **Singapore**



82.2

Rank 2: **Canada**



75.1

Rank 3: **Chile**



71.1



The top rank of Singapore on this year's index is also mirrored by the following accolades received by the country:

- Easiest place to do business in the world (Doing Business 2011 Report, World Bank)
- Leader in foreign trade and investment among all the countries worldwide (The Globalisation Index 2010, KOF Swiss Economic Institution)
- Offers best protection of intellectual property (Global Competitiveness Report 2010-2011, World Economic Forum)
- Best Business Environment in Asia Pacific (Country Forecasts, December 2009, Economist Intelligence Unit)

Rank  
2012

## India: Indicators – Financing environment

Rank  
2013

42	• Quality of overall financial regulatory system	▼	48
26	• Access of firms to medium term capital	▲	24
23	• Growth in value of inward M&A deals	▼	35
14	• Value of inward M&A deals	▼	16
23	• Private sector credit as % of GDP	▲	1
23	• Inward direct investment growth	▼	46
36	• Corporate tax burden	▼	40

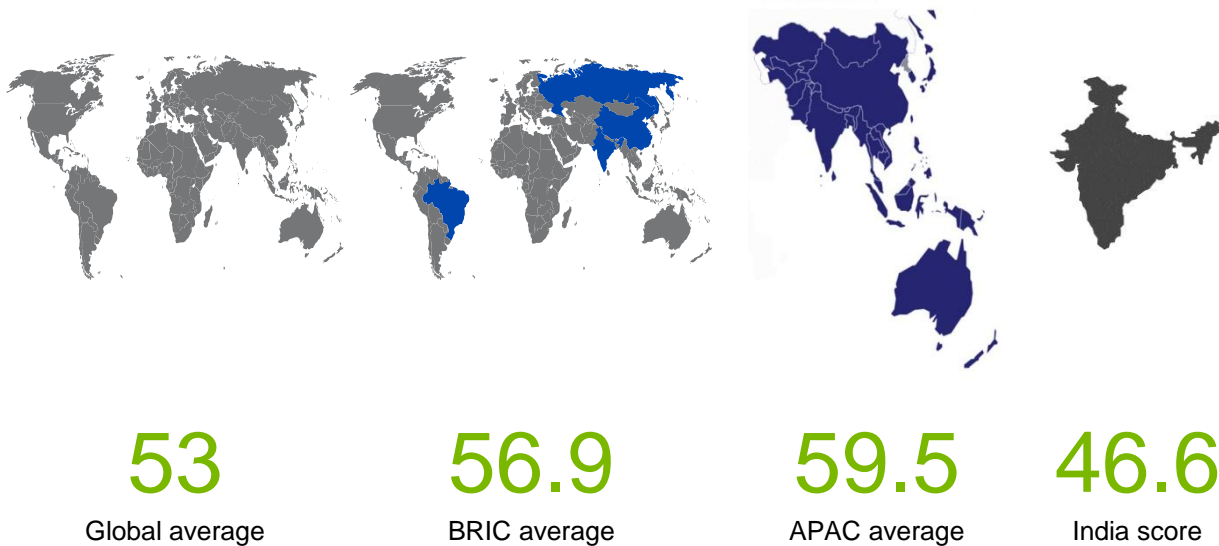


Declined rank

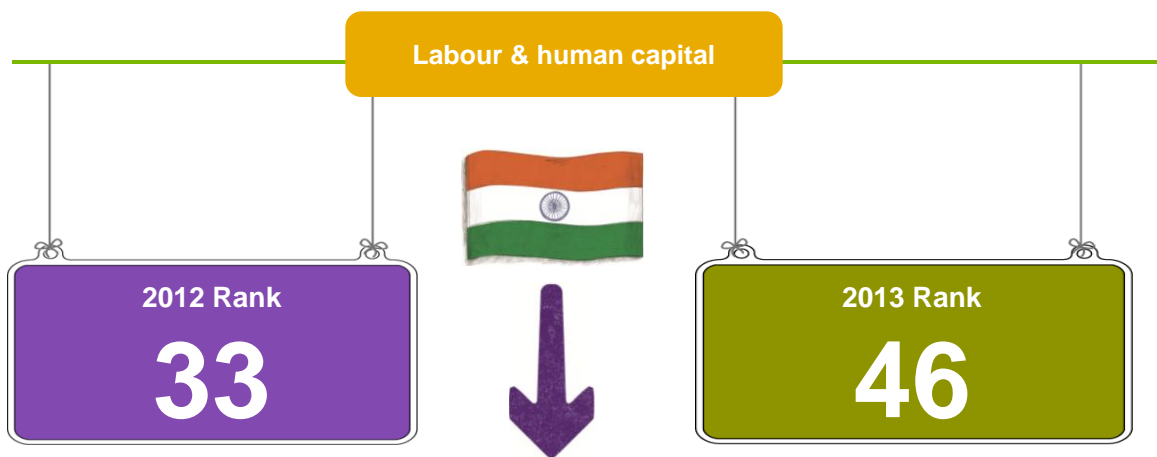


Improved rank

# Labour & human capital



**Figure 5:** Labour & human capital score  
Normalised score (Max=100, Min=0)



# Labour & human capital



Human capital is India's greatest asset. The fall in rankings raises pertinent questions about the lack of dynamism on offer to our workforce, and by virtue of the same on the growth outcomes of the Indian economy. The slowdown of the economy, and more importantly the deceleration of the industrial activity has been the chief cause of this decline.

In this year's index, India dropped 13 places, from 33 to 46. Besides, the economy that ranked 6 for labour productivity growth in 2012, dropped to 21 this year. What is particularly alarming is that the economy ranks only above Nigeria and Pakistan among all the 60 economies in terms of the time spent in education. We can only hope that with the measures being taken by the government, the Central Bank and the private sector, the policy roadblocks and capital constraints get removed to create the desired environment for India to revive its growth and dynamism again.



**Vinamra Shastri**  
Partner and Practice Leader  
Business Advisory Services  
Grant Thornton India LLP



The Philippine economy is growing fast. Output expanded by 6.8% in 2012 and whilst remittances climbed to a record high of US\$23.8 billion in 2012, their share of GDP actually dropped to 8.5%, down from 9% in 2011. The key point here is that the Philippines is starting to realise its potential domestically.

This underlines the meteoric rise of the Philippines on GDI 2013. We climbed 25 places to rank 21 on the index this year. This means our business growth environment improved faster than any other in 2012.



**Marivic España**  
Chair and CEO  
Punongbayan & Araullo Grant Thornton – The Philippines



# Labour & human capital

## Indicators

- labour productivity growth
- unemployment
- time spent in education
- population under 30

Top scorer: **China**



75.3

Rank 2: **Australia**



72.4





Rank 3: **Thailand**





69.8

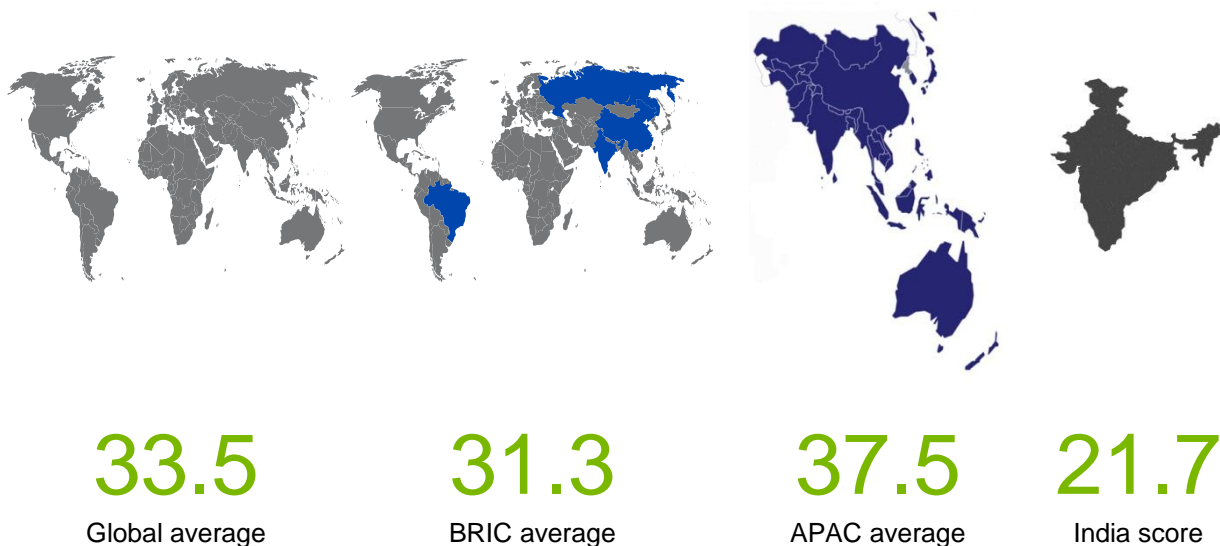
With concerted steps and a robust economic strategy, China has witnessed a stunning economic rise over the past several decades. The level of human capital in China has improved markedly over the past 30 years, indicative from, for instance, increase in the average number of years of schooling from 3.78 to 7.55 years from 1980 to 2010. Improvement in investments in education, student nutrition, healthcare and early childhood development form important components of the Government's strategy for upgrading the industrial structure and economic restructuring. In this year's index, China ranks 1 for labour & human capital, which constitutes a significant improvement for the country, which until recently, was reeling under the issue of an ageing population.

For India to optimally leverage human capital to influence productivity, employment and economic growth, what is needed is improved spending on education and health. Translating human development into economic growth calls for a need for educational capital formation, improving relative wages of skilled labor, lessening wage inequality, and ensuring sustained supply of skilled labour. Improving public expenditure and attracting private outlays on primary and secondary education can go a long way in reinforcing productivity and accelerating human capital in India.

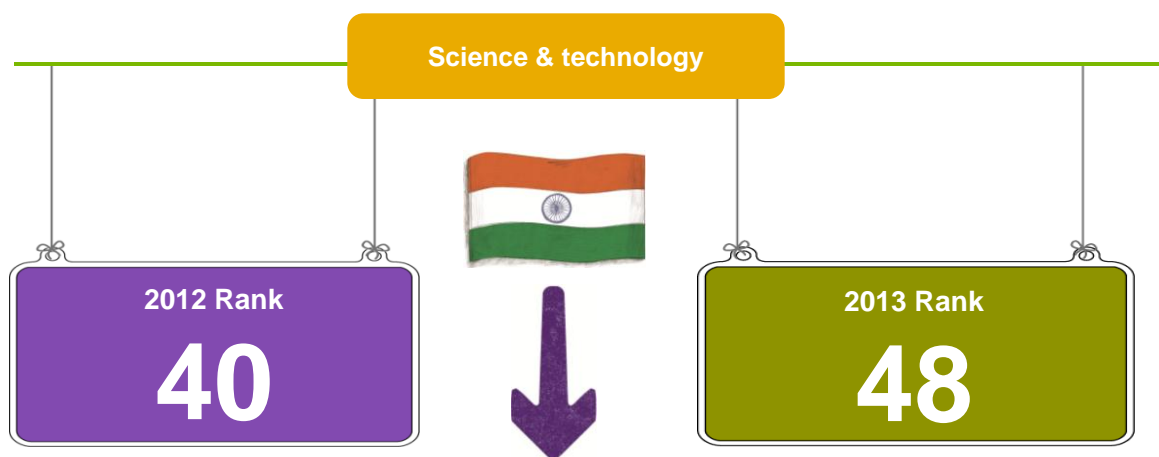
Rank 2012	India: Indicators – Labour & human capital	Rank 2013
6	• Labour productivity growth 	21
37	• Unemployment 	43
49	• School life expectancy 	58
6	• % of population under 30 	11

 Declined rank     
  Improved rank

# Science & technology



**Figure 6:** Science & technology score  
Normalised score (Max=100, Min=0)



# Science & technology



Science & technology is a measure of the ability of an economy's infrastructure to support the growth of dynamic businesses. Investment in science & technology indicates whether an economy's infrastructure can keep pace with dynamic business growth needs.

Taking cue from South Korea, the top scorer in this year's index, India needs to improve its investment in R&D, build its technological competence across sectors, do away with obsolete technologies in many industries, and take comprehensive steps to promote industry-academia interaction.

While India has positioned itself as a global leader in the Information Technology (IT) as well as knowledge services industries, driven mainly by its education system, skilled workforce and increasing collaboration with the Western markets, the economy now needs to enhance its focus on building innovation and information technology products to enhance its technological and scientific capability.



**Raja Lahiri**

Partner

Transaction Advisory Services

Grant Thornton India LLP



Israel is a major player in science & technological innovation. In fact, perhaps only the United States is more prominent globally.

Did you know, for example, Israel has the highest concentration of hi-tech companies in the world outside of Silicon Valley? Or that Israel has more scientists and technicians per capita than any other economy?



**Ilanit Halperin**

Partner

Grant Thornton Israel



# Science & technology

## Indicators

- R&D
- broadband penetration
- IT spending growth
- broadband penetration growth

Top scorer: **South Korea**



64.2

Rank 2: **Israel**



62.7

Rank 3: **Finland**









62.6

The remarkable growth trajectory witnessed by the South Korean economy is largely underpinned with the development of a robust science & technology capability. The high impetus given by the country to science & technology is evident from the consistent increase in the number of successful technology-oriented enterprises and the volume of registered patents; South Koreans registered 7061 patents in 2007. As per estimates, the country ranks second in terms of patents by total population and first for patents by GDP.

Further, the country is gearing up for a five-year science & technology development project, with allocation of US\$80 billion budget in new growth sectors by 2017. The earmarked budget will be used to finance research and development projects across agricultural and medical technology, and to build capacity for basic scientific research.

In sharp contrast, India ranks 48th on this measure of dynamism with a score of 21.7. Over the past year, the country has made minimal progress in improving its investment in R&D, indicative of its minor slippage on this score from 36 in 2012 to 37 in this year's index.

Rank 2012	India: Indicators – Science & technology	Rank 2013
48	• Broadband subscriber lines per 100 inhabitants 	55
12	• Growth in broadband subscriber lines 	7
36	• R&D as % of GDP 	37
27	• Total IT spending growth 	43

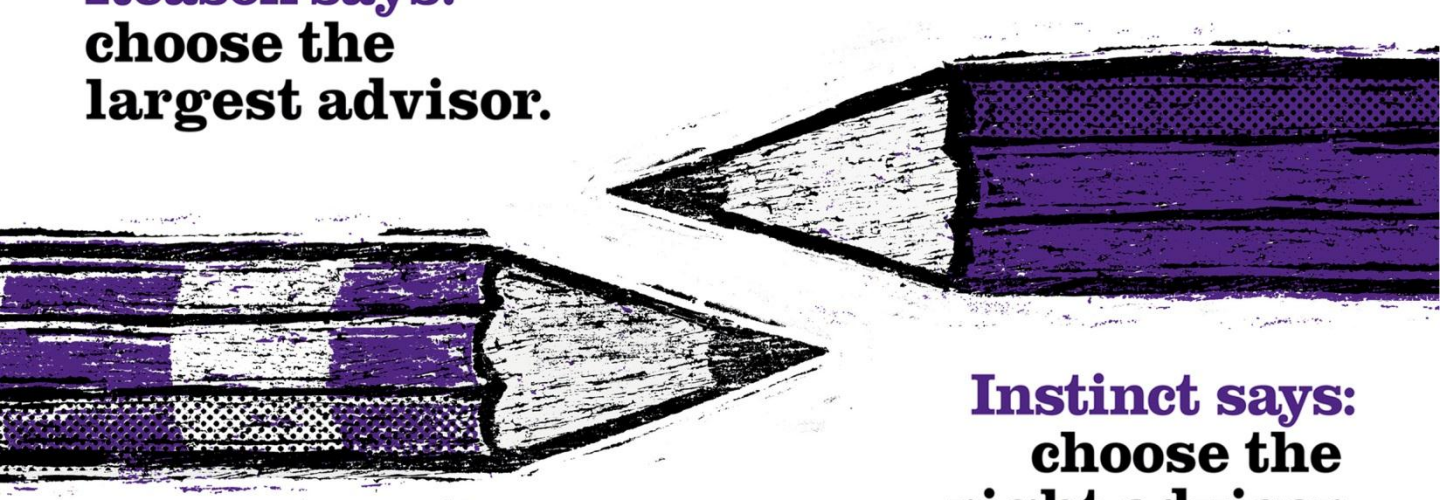
 Declined rank     
  Improved rank



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**Reason says:  
choose the  
largest advisor.**



**Instinct says:  
choose the  
right advisor.**

**Assurance • Tax • Advisory**

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# Appendix 1: Scores summary

Country	Rank	Overall score summary	Rank	Economics & growth score summary	Rank	Business operating environment score summary
Australia	1	66.5	18	61.6	6	91.1
Chile	2	64.5	11	72.3	17	87.9
China	3	62.7	2	89.3	48	56.8
New Zealand	4	62.6	22	56.4	11	89.7
Canada	5	62.3	34	50.8	2	92
Finland	5	62.3	48	37.8	5	91.7
Singapore	7	61.9	36	50.3	9	89.8
Israel	8	61.8	28	53.3	29	76.7
Sweden	9	61.6	40	46.1	3	91.9
Norway	10	60.9	23	55.1	18	86.9
United States	11	60.5	26	54	12	89.0
Switzerland	12	60.1	42	43.9	13	88.7
Malaysia	13	59.5	8	73.4	31	74.0
South Korea	13	59.5	27	53.6	34	72.7
Japan	15	58.8	32	52.5	22	80.7
Hong Kong	16	58.4	29	53.2	15	88.3
Germany	17	57.9	43	42.7	16	88.2
Taiwan	18	57.7	39	48.8	23	80.6
Thailand	19	56.4	6	77.1	41	64.5
Austria	20	55.9	44	42.1	9	89.8
The Philippines	21	55.7	4	80	44	62.4
Belgium	22	55.4	51	36.6	13	88.7
France	22	55.4	49	37.5	20	84.4
Peru	24	54.2	4	80	39	64.6
Poland	24	54.2	37	49.4	30	75.3
Uruguay	24	54.2	15	64.6	35	70.9
Vietnam	27	54	7	74.8	47	58.0
Ireland	28	53.9	47	38.6	1	92.5
Denmark	29	53.8	52	36	7	91.0
Luxembourg	30	53.3	46	39.1	8	90.4
Mexico	31	53.1	19	61	32	73.4
Slovak Republic	32	53	38	49	26	78.9
Slovenia	33	52.4	57	28.9	27	78.2
United Kingdom	34	51.5	41	44	19	86.8
United Arab Emirates	35	51.3	20	58.3	37	65.6
Venezuela	35	51.3	1	89.8	58	37.7
Indonesia	37	51.2	10	72.8	49	54.9
The Netherlands	38	50.2	53	31.9	4	91.8
Turkey	39	48.8	30	53	42	63.9
Colombia	40	48.5	14	67.8	45	61.5
Czech Republic	40	48.5	55	29.1	23	80.6
Brazil	42	47.9	45	41	36	68.3
Russia	43	47.7	16	62.2	53	51.5
Spain	44	47.5	54	29.8	21	81.2
Saudi Arabia	45	46.3	9	73.3	46	60.6
Egypt	46	45.6	17	61.9	51	53.8
Hungary	47	45.5	56	28.9	25	79.2
India	48	45.3	21	56.5	52	52.5
Nigeria	49	44.8	3	80.3	60	32.2
Morocco	50	44.4	31	52.6	50	54.1
Pakistan	51	44.3	13	69.8	56	44.3
South Africa	52	44.1	34	50.8	43	62.6
Argentina	53	43.6	23	55.1	55	45.3
Portugal	54	43	59	17.6	28	77.8
Romania	55	42.9	50	37.2	38	65.4
Ukraine	56	42.1	33	51	54	46.9
Italy	57	40.9	58	24.4	32	73.4
Kenya	58	38.1	12	71.5	59	34.6
Algeria	59	36.2	25	54.6	57	38.9
Greece	60	33.9	60	1.6	39	64.6

# Appendix 1: Scores summary

Country	Rank	Financing environment score summary	Rank	Labour & human capital score summary	Rank	Science & technology score summary
Australia	11	62.5	2	72.4	15	44.9
Chile	3	71.1	8	64.8	38	26.5
China	38	46.8	1	75.3	14	45.4
New Zealand	8	64.8	9	63.9	23	37.9
Canada	2	75.1	28	52.4	17	41.1
Finland	6	68.6	35	50.7	3	62.6
Singapore	1	82.2	56	40.8	13	46.4
Israel	9	63.5	27	52.7	2	62.7
Sweden	20	57.7	24	53.6	4	58.8
Norway	12	62	12	61.9	21	38.8
United States	28	51.2	21	54.8	8	53.6
Switzerland	13	61.5	25	53.5	9	53.1
Malaysia	16	60	11	62	33	27.8
South Korea	31	49.5	20	57.5	1	64.2
Japan	42	41.7	15	60.4	5	58.7
Hong Kong	22	56.5	45	47.2	11	47.2
Germany	21	57.2	30	51.7	10	49.9
Taiwan	30	50.7	26	53.0	6	55.3
Thailand	39	43.4	3	69.8	36	27.1
Austria	27	52.6	41	48.2	12	47.0
The Philippines	33	49.1	5	67.9	51	19.3
Belgium	15	61	32	50.9	18	40.0
France	17	59.6	31	51.3	16	44.2
Peru	47	40.1	10	63.7	45	22.9
Poland	5	69.8	23	53.7	46	22.7
Uruguay	29	50.9	7	66.0	53	18.5
Vietnam	26	53.1	14	60.9	44	23.0
Ireland	41	41.9	16	59.7	25	36.8
Denmark	42	41.7	47	46	7	54.3
Luxembourg	24	56	54	43.1	24	37.8
Mexico	31	49.5	18	58.3	42	23.5
Slovak Republic	10	62.9	37	49.8	41	24.3
Slovenia	4	70.8	43	48	20	39.9
United Kingdom	53	37.6	40	49.1	18	40.0
United Arab Emirates	7	67.0	58	37.8	35	27.7
Venezuela	57	33.3	6	66.5	28	29.6
Indonesia	38	43.6	4	69.3	59	15.4
The Netherlands	50	38.3	32	50.9	22	38.3
Turkey	18	59	51	44.7	43	23.4
Colombia	37	46.1	41	48.2	52	19.2
Czech Republic	23	56.3	50	44.8	27	31.7
Brazil	14	61.2	53	44.3	40	24.9
Russia	59	30.1	13	61.5	26	33.2
Spain	45	40.4	19	58.1	32	28.0
Saudi Arabia	58	30.9	38	49.6	55	17.0
Egypt	25	54.7	52	44.5	60	12.9
Hungary	19	58.3	59	33.4	33	27.8
India	33	49.1	46	46.6	48	21.7
Nigeria	54	36.9	39	49.3	39	25.3
Morocco	48	39.5	21	54.8	49	21.4
Pakistan	56	34.4	49	45	31	28.2
South Africa	39	43.4	55	41.8	47	21.9
Argentina	44	40.7	17	59.1	54	17.8
Portugal	49	38.9	29	52.2	30	28.7
Romania	35	48.5	43	48.0	57	15.6
Ukraine	52	37.7	48	45.6	29	29.4
Italy	46	40.2	57	39.8	37	26.6
Kenya	51	38.1	60	30.8	56	15.8
Algeria	60	17.9	36	50.1	50	19.4
Greece	55	36.7	32	50.9	57	15.6

\*Economies arranged as per rankings on "Overall scores summary"

## Appendix 2: List of indicators with weights

Indicator	Weights
Economics & growth	20%
Business operating environment	20%
Financing environment	20%
Labour & human capital	20%
Science & technology	20%

Category	Indicator	Weight
<b>Economics &amp; growth</b>	Real GDP growth	67.0%
	Private consumption per head growth	28.0%
	Change in \$ value of stock market index	5.0%
<b>Business operating environment</b>	Foreign trade and exchange regimes and controls	41.0%
	Policy towards private enterprise and competition	23.0%
	Political stability	13.0%
	Legal and regulatory risk	23.0%
<b>Financing environment</b>	Quality of overall financial regulatory system	30.0%
	Access of firms to medium-term capital	26.0%
	Growth in value of inward M&A deals	2.5%
	Value of inward M&A deals	2.5%
	Private sector credit as % of GDP	18.1%
	Inward direct investment growth	7.0%
	Corporate tax burden	14.0%
<b>Labour &amp; human capital</b>	Labour productivity growth	10%
	Unemployment	10%
	School life expectancy	52%
	% of population under 30	28%
<b>Science &amp; technology</b>	Broadband subscriber lines per 100 inhabitants	10.0%
	Growth in broadband subscriber lines	10.0%
	R&D as % of GDP	52.0%
	Total IT spending growth	28.0%

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**Design and production:** Misbah Hussain

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