Global Competitiveness Index - India's Performance

Why in news?

The Global Competitiveness Index was recently released by the World Economic Forum (WEF).

What is the GCI?

- The Global Competitiveness Index (GCI) was launched in 1979.
- It maps the competitiveness landscape of 141 economies through 103 indicators organised into 12 pillars.
- The 141 countries mapped by this year's GCI account for 99% of the world's GDP.
- The 2019 index is the fourth version of the global competitiveness index; hence referred to as GCI 4.0.
- The GCI 4.0 tracks data and/or responses on 12 factors divided into 4 broad categories.
- The first category is the "Enabling Environment."
- This includes factors such as the state of infrastructure, institutions, macroeconomic stability and the ability to adopt new technology.
- The second category is "Human Capital" and includes health and level of skills in the economy.
- The third is the state of "Markets" such as those for labour, product, financial and the overall market size.
- The last category is "Innovation Ecosystem" which includes business dynamism and innovation capability.

What are the highlights of GCI 4.0?

- Singapore has become the world's most competitive economy in 2019, pushing the US to the second place.
- Hong Kong SAR is ranked 3rd, Netherlands 4th and Switzerland 5th.
- China is ranked 28th (the highest ranked among the BRICS).
- The presence of many competitive countries in Asia-Pacific makes this region the most competitive in the world.
- This is followed closely by Europe and North America.
- **India** has moved down 10 places to rank 68th among 141 countries on the global competitiveness index.

- It is among the worst-performing BRICS nations along with Brazil (ranked even lower than India at 71st this year).
- In the overall ranking, India is followed by some of its neighbours including Sri Lanka at 84th place, Bangladesh at 105th, Nepal at 108th and Pakistan at 110th place.
- A number of similarly-placed economies including Colombia, South Africa and Turkey improved over the past year and hence have overtaken India.
- The study highlighted that the global economy is unprepared for a major slowdown.

What are the factors behind India's performance?

- The drop in India's position is largely due to improvements witnessed by several other economies.
- Notably, the decline in India's competitiveness score is relatively small.
- India's 2019 overall score (61.4) fell by merely 0.7 when compared to its 2018 score.
- **Positives** - India ranks high in terms of macroeconomic stability and market size.
- It is also ranked high at 15th place in terms of corporate governance.
- India is ranked second globally for shareholder governance.
- In terms of the market size, India is ranked third, while it has got the same rank for renewable energy regulation.
- India has also performed well in terms of innovation.
- In this, it is well ahead of most emerging economies and on par with many advanced economies.
- **Shortcomings** - There is limited ICT (information, communications and technology) adoption, poor health conditions and low healthy life expectancy.
- India has been ranked 109th out of total 141 countries in the healthy life expectancy.
- It was one of the shortest outside Africa and significantly below the South Asian average.
- India's product market efficiency is undermined by a lack of trade openness.
- The labour market is characterised by -
    i. a lack of worker rights' protections
    ii. insufficiently developed active labour market policies
    iii. critically low participation of women
- With a ratio of female workers to male workers of 0.26, India has been ranked very low at 128th place.
- India is also ranked low at 118th in terms of meritocracy and incentivisation and at 107th place for skills.

Source: Economic Times, Indian Express

