

# Global Competitiveness Index-2019

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**Source:** *World Economic Forum & Economic Times*

The latest Global Competitiveness Report paints a gloomy picture, yet it also shows that those countries with a holistic approach to socio-economic challenges, look set to get ahead in the race to the frontier.

## Key highlights

- The GCI brought out by the World Economic Forum involved performance review of 141 countries
- The Global Competitiveness Report 2019 reveals an average across the 141 economies covered of 61 points. This is almost 40 points short of the “frontier”. It is a global competitiveness gap that is particularly concerning, given the world economy faces the prospect of a downturn.
- The report’s survey of 13,000 business executives highlights deep uncertainty and lower confidence.
- The report states while the \$10 trillion injection by central banks is unprecedented and has succeeded in averting a deeper recession, it is not enough to catalyse the allocation of resources towards productivity-enhancing investments in the private and public sectors.
- However, some of this year’s better performers appear to be benefiting from global trade tensions through trade diversion, including Singapore (1st) and Viet Nam (67th), the most improved country in 2019.

## India’s Ranking

- India, which was ranked 68th in the annual Global

Competitiveness Index compiled by Geneva-based World Economic Forum (WEF).

- India ranks high in terms of macroeconomic stability and market size, while its financial sector is relatively deep and stable despite the high delinquency rate, which contributes to weakening the soundness of its banking system.
- India is ranked high at 15th place in terms of corporate governance, while it is ranked second globally for shareholder governance, the WEF study showed. In terms of the market size, India is ranked third, while it has got the same rank for renewable energy regulation.
- Besides, India also punches above its development status when it comes to innovation, which is well ahead of most emerging economies and on par with several advanced economies
- But, these positive metrics contrast with major shortcomings in some of the basic enablers of competitiveness in case of India, the WEF said, while flagging limited ICT (information, communications and technology) adoption, poor health conditions and low healthy life expectancy.
- The WEF said the healthy life expectancy, where India has been ranked 109th out of total the 141 countries surveyed for the index, is one of the shortest outside Africa and significantly below the South Asian average.
- Besides, India needs to grow its skills base, while its product market efficiency is undermined by a lack of trade openness and the labour market is characterised by a lack of worker rights' protections, insufficiently developed active labour market policies and 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.
- 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.

- The WEF said the drop of 10 places in India's position to 68th place may look dramatic, but the decline in the country's competitiveness score is relatively small. A number of similarly-placed economies including Colombia, South Africa and Turkey improved over the past year and hence have overtaken India.

### **Who's the best in class?**

- With a score of 84.8 out of 100, Singapore is the country closest to the frontier of competitiveness
- Other G20 economies in the top 10 include the United States (2nd), Japan (6th), Germany (7th) and the United Kingdom (9th) while Argentina (83rd, down two places) is the lowest-ranked among G20 countries
- Asia-Pacific is the most competitive region in the world, followed closely by Europe and North America
- The United States may have lost out to Singapore overall, but it remains an innovation powerhouse, ranking 1st on the business dynamism pillar, 2nd on innovation capability, and 1st for finding skilled employees
- Nordic countries are among the world's most technologically advanced, innovative and dynamic while also providing better living conditions and social protection
- Denmark, Uruguay and Zimbabwe have increased their shares of renewable sources of energy significantly more than other countries at their respective levels of competitiveness

