

India ranked world's 128th freest economy

With an economic freedom score of 54.6 out of 100, India has been ranked 128th freest economy in the 2015 Index of Economic Freedom evaluating economic conditions and government policies in 186 countries.

The annual report by The Heritage Foundation, a conservative Washington think tank, in collaboration with The Wall Street Journal, ranks India 26th out of 41 countries in the Asia-Pacific region.

India's total score is down by 1.1 points from last year, with modest improvements in business freedom, property rights, and freedom from corruption offset by declines in labor freedom and trade freedom.

But its overall score continues to be below the regional and world averages, the Index notes suggesting India remains a "mostly unfree" economy.

India's level of economic freedom is unchanged over five years, the report notes. The state's presence in the economy remains extensive through state-owned enterprises and wasteful subsidy programs that cause chronically high budget deficits.

"In the absence of a well-functioning legal and regulatory framework, a weak rule of law exacerbated by corruption in many areas of economic activity undermines the emergence of a more vibrant private sector," it said.

The reform-minded administration of Prime Minister Narendra Modi, the Index notes "has undertaken some necessary structural adjustments with a focus on reforming the inefficient and bloated government sector, better managing public finance, and improving the business and investment environments."

The first budget presented in July 2014, however, was short on detail about plans to restructure wasteful subsidy programs and reignite economic growth, it said.

Corruption, poor infrastructure, and fiscal deficits are major obstacles to economic growth, the report said.

India is a significant force in world trade, but its economy continues to operate far below its potential.

In a poll, 96 percent of Indians said chronic corruption was holding back their country. Corruption has had a negative effect on government efficiency and economic performance.

According to the Index, the US continues to be only the 12th-freest economy, seemingly stuck in the ranks of the "mostly free," trailing such comparable economies as Australia, New Zealand and Switzerland.

The global average economic freedom score has advanced to its highest level ever of 60.4 (on a 0-to-100 scale) in the 2015 Index.

Although Hong Kong has maintained its status as the world's freest economy, a distinction that it has achieved for 21 consecutive years, the gap between that territory and Singapore, the second-freest economy, has further vanished, it noted.

(ZEE News)