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Press Release

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Doing Business Ranking of Sri Lanka Improves

According to the latest Doing Business Ranking published by the World Bank Group, Sri Lanka is ranked in the 99th position out of 189 countries in 2015¹ when compared to the previous year's rank of 105². The country's Doing Business rank in absolute terms enjoys an increase from 60.01 to 61.36 in 2015, narrowing the country's distance to frontier measure. Therefore, Sri Lanka has been able to improve its ranking in both relative and absolute terms compared with 2014 rankings. Also, for the third consecutive year, Sri Lanka has managed to secure its position as the highest ranking country in South Asia.

The Doing Business 2015 methodology has incorporated several changes to the computation of the Doing Business ranking. According to the new methodology, the country rankings are now calculated using a measure termed as "Distance to Frontier". This approach is said to indicate as to how close each economy to the global best performer. Due to this new methodological change, Sri Lanka's 2014 ranking has been revised downwards to 105 from 85. In addition, the Doing Business 2015 methodology

¹ Reforms implemented up to June 2014.

² DB 2014 ranking shown is not last year's published ranking but a comparable ranking for DB2014 that captures the changes in methodology.

has expanded the scope of three sub indicators of the Doing Business Index, namely, Protecting Investors, Getting Credit and Resolving Insolvency. As a result of these structural changes that have taken place in the Doing Business methodology, 2015 Doing Business country rankings are no longer comparable with the previously published country rankings.

According to the Doing Business 2015 Report, the World Bank Group has recognized that Sri Lanka has improved in the areas of – Getting Electricity, Paying Taxes, Trading Across Borders and Protecting Minority Investors, during 2013/2014. These improvements included, implementing a concessionary terms of capital payment for small and medium scale industrial sector to obtain electricity, introducing an electronic filing and payment system for Employees’ Provident Fund contributions, issuing regulations for all shipping lines from levying terminal and other charges in addition to freight and specified international charges for container cargo and improving efficiencies in export and import procedures. In this connection, it has been acknowledged that the improvements have served to reduce the document preparation time and strengthen the protection of interests of minority shareholders.

However, the World Bank Group has not accounted the improvements made by Sri Lanka during the reference period such as strengthening the protection of interests of minority shareholders, introducing an online tax payment system for Colombo City Tax Payers, introducing an electronic filing and payment system for Employees’ Trust Fund contributions, and completing the development of the South Terminal under the Colombo Port Expansion Project, as these significant improvements have not been captured so far in the scope of the Doing Business methodology. Further, the methodological changes that are being incorporated continuously in the computation of the Doing Business Ranking poses several disadvantages for an emerging economy like Sri Lanka as it increases the inability to predict its country position on an ongoing basis.

Sri Lanka is committed to aggressively driving its agenda where re-engineering and automation will play an important role. The relevant implementing agencies coming under Starting a Business, Dealing with Construction Permits and Registering Property

sub indicators in collaboration with the Information and Communication Technology Agency are working towards achieving the set targets in these areas. It is expected that the ongoing improvements will contribute to improve the future Doing Business Rankings of Sri Lanka which would also enhance the efficiency and productivity of businesses in Sri Lanka.

Even more importantly, irrespective of the Doing Business country ranking, Sri Lanka is committed to continuously improving the doing business environment of the country not only in the areas captured by the doing business methodology but also in other areas, so that investors have confidence to do business in Sri Lanka.