

# It's not just about the ranking

Tuesday, 08 January 2019 | [Sanjib Pohit](#)

**The methodology to rank different entities, be it the grading of States, districts or blocks, has several inherent weaknesses. A minimum standard for each parameter/indicator and rank should be given only if one scores above the minimum standard**

In recent times, it has become almost customary to rank different entities across various indicators. Of course, this trend started with the [World Bank](#) attempting to rank countries by their score of doing business.

The original idea was to provide an objective measure of business regulations and their enforcement for 190 nations across the world. Given the diverse range of countries, most indicators are assessed at the elementary level so that data of countries be collected.

Many countries, including India, lay credence to these type of ranks, such as the doing business survey. Furthermore, India is at the forefront of this ranking challenge as it uses a similar methodology to rank its States, districts and cities, among others. The focus remains on a variety of issues.

To usher competitive spirit across various Indian States, the Union Government went a step ahead to provide additional finance to States, districts and cities, who were the front runners in this rat race. Some States, too, have been following this approach to rank their districts and blocks. Not to be left behind, international organisations as well as some private think-tanks are also in this race of ranking Indian States, districts, blocks and cities.

However, these methodologies have several inherent weaknesses that are rarely ever considered. Faultlines remain important since higher rankings by these indicators draw additional funds from the Union Government.

First, ranking on the number scale instead of giving importance to grade is an inherent problem. This results in high degree of fluctuations when the index is measured on an annual basis. Generally, most of these indices consist of unweighted/weighted average of scores on several measurable parameters. Typically, some of them are based on survey feedback of stakeholders' perception in respect to governance issues and role played by various administrative departments of the Government at national/sub-national levels.

The ranking of an economically developed State may decline in the current year, as compared to the last year on some measure not because it functioned poorly but for the reason that it had no further realistic scope of improvement as it had achieved all goals. Furthermore, when respondents are asked to rank their performance with respect to perception feedback, they would be non-committal or ambivalent.

On the other hand, an economically backward State has ample scope of improvement and small/medium actions by policy-makers with respect to perception of the survey are rewarded by respondents with high score.

Second, there are inherent statistical weaknesses that relate to stakeholders' perception survey in the index measure as most of them have weak statistical foundation with respect to sampling the frame and the size of sampling units. Many of these are not drawn randomly and, thus, inference drawn from these surveys needs to be taken with caution.

Third, ranking of States, blocks and cities without ascribing to any minimal standard is an inherent futile exercise. It is similar to ranking students in a class where all may have failed to secure the pass marks.

In all these ranking exercises, there is no minimum standard for any indicator/parameters that one has to secure at least to be considered for ranking. As a result, these type of ranking exercises give a wrong picture.

For illustrative purpose, let us consider the smart cities ranking by the Union Government.

Undoubtedly, the so-called smart city project should have a smart garbage disposal that consists of at least the following: (a) the city should be free from VAT for garbage so as to restrict accessibility of birds, animals, rainwater and thereby minimise the spread of vector-borne diseases and bad odour (b) segregation of household waste should be done for better processing of garbage and value addition from the same (c) odourless transportation from the VAT to the dumping station in a cost efficient way (d) extend the life span of the dumping site by way of reduction of volume of waste and provide hygienic environment to the citizens.

The last point is extremely important since all Indian cities find it difficult to locate sites to dump the garbage due to pressures on land and protests from citizens residing in nearby areas. Negative externalities associated with the dumping sites are far too many.

Sadly, none of the so-called smart cities fulfil the above mentioned criteria with respect to the disposal of waste. The overflowing garbage VAT exists in most smart cities, including the national capital city. Most of these cities have not adopted smart garbage solutions, like the modern compactor method to make the city free of VAT.

By contrast, star rating of electrical instruments conceived by the Bureau of Energy Efficiency is a right approach since the standard in saving electricity is at the core of this concept.

In sum, one needs to set minimum standard for each parameter/indicator and ranks should be given only if one scores above the minimum standard. Furthermore, it is advisable to give grade (A/B/C) instead of ranks (1/2/3) so as to minimise year to year fluctuations.

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