



World Governance Indicators

Why in News?

Recently, the **World Governance Indicators (WGI)** has been released by the [World Bank](#).

- WGI play a key role in deciding sovereign credit rating of any country. India is losing its sovereign credit rating due to low score in WGI parameters.

What are the World Governance Indicators (WGI)?

- The **World Governance Indicators (WGI)** are a research dataset that aggregates the opinions of a substantial number of **corporate, citizen, and experts survey respondents** from both developed and developing nations on the **quality of governance**.
- **World Bank's World Governance Indicators:** It assesses **215 countries** and **territories** based on a certain set of criteria.
 - Voice and Accountability
 - Political Stability and Absence of Violence
 - Government Effectiveness
 - Regulatory Quality
 - Rule of Law
 - Control of Corruption
- India's **WGI score is much below the BBB Median** on all six indicators.
 - While BBB is an investment-grade rating issued by global rating agencies such as S&P and Fitch.
 - A WGI score below BBB Median would suggest that India falls below the middle when the scores of countries are arranged in a descending order.
- **Various reports on which India's WGI ranking based on-**
 - [Economist Intelligence Unit](#)
 - Varieties of Democracy Project
 - Heritage Foundation Index of Economic Freedom
 - [Freedom House Report](#)

What are the Important Outcomes Associated With the WGI?

- Worsening of Sovereign Credit Rating of India deteriorating its **credit worthiness**.
- [Investment in India's Debt market will be risky.](#)
- It also includes political risk and provides insight to the Investor about the economic and political stability.

What are the Major Incidents Which Hugely Affected India's WGI Rank?

- Kashmir was partly free from 2017 to 2019 but in 2020 its freedom was again curtailed. Considering these circumstances, the following scores were provided:
 - **Political Rights:** 8 out of 40
 - **Civil Liberties:** 20 out of 60
 - **Total score:** 28 out of 110
- **US State Department mentioned the following:**

- **Harassment of Activists:** Activists, lawyers, human rights defenders, and journalists have been harassed and persecuted.
- **Sedition and Counterterrorism Laws:** These are used to suppress free speech.
- **Misuse of Foreign Funding Regulations:** Misuse of regulations were prevalent to target NGOs that were critical to government policies or conduct.
- **Economic Intelligence Unit (EIU)** showed India's rank in the [EIU democracy index](#) fell from 27 in 2014 to 51 in 2019.

Economic Intelligence Unit

- Economic Intelligence Unit is a research and analysis division of The Economist Group.
- It was established in 1946, Its basic motive is to help businesses, financial firms and governments to navigate the ever-changing global landscape.

[Source: IE](#)

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