



INDIA MORE PROSPEROUS THAN CHINA, FINDS LEGATUM PROSPERITY INDEX

Demonstrates very high levels of social capital, but overall ranking brought down by low levels of education, internal security and health

LONDON, October 26, 2009 – The third edition of the Legatum Prosperity Index, published today, ranks 104 countries (covering 90% of the world's population), based on a definition of prosperity that combines economic growth together with measures of happiness and quality of life.

According to this year's Legatum Prosperity Index, India ranks 45th in the world, slightly behind emerging giant Brazil (41st) but well ahead of China (75th). Although outperformed by China on several economic indicators, India's superior overall ranking is achieved through its performance in the critical non-economic factors such as personal freedom which encompasses freedom of speech and religion, national tolerance for immigrants and ethnic and racial minorities and for which India ranks 47th globally compared to China's 91st place. India also ranks highly on measures of social capital, reflected in the percentage of citizens who volunteer, give to charity, help strangers, and who feel they can rely on family and friends. In this area, India ranks fifth in the world, ahead of the US, the UK and Finland.

"India is a classic example of a country whose prosperity stems largely from its social capital and quality of life rather than its performance on the purely economic measures. Although China outperforms India on several economic indicators, India is 30 places higher in the final rankings because of China's poor levels of personal freedom and democracy," said Dr. William Inboden, Senior Vice President of the Legatum Institute. *"However, there are some areas of concern for India, particularly in the quality of healthcare and education for which India ranks 88th and 86th respectively,"* concluded Dr. Inboden.

India's low global ranking on health indicators results from a number of factors: severe underinvestment in medical facilities resulting in poor standards of healthcare; low levels of improved sanitation facilities; undernourishment affecting 20% of Indian citizens; a low average health adjusted life expectancy of 53 years; and a high number of citizens reporting that they suffer from health problems.

Key Findings from the 2009 Legatum Prosperity Index

- Finland tops the Index, followed by Switzerland, Sweden, and Denmark; the United States is 9th and the United Kingdom is 13th.
- India ranks 92nd globally in the ratio of girls-to-boys in education (91:100).
- There are approximately 40 students per teacher in primary education which ranks India low globally on this measure.
- India has the highest level of casualties from political violence of all countries in the Index.
- India requires only 11 start-up procedures in order to register a new business, which resulted in over 20,000 new businesses registrations in 2007.
- There are only two personal computers per 100 people in India ranking the country below the global average on this variable.

The Index identified nine key factors that drive economic growth and personal wellbeing, which are foundations of prosperity. Each of these nine factors is represented in a sub-index and a country's final Prosperity Index ranking is generated by averaging its scores across all nine sub-indexes, equally weighted. **More information on the Prosperity Index, including full country rankings, background on data and methodology, and profiles of each country can be found at www.prosperity.com.**

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Notes to Editors:

About the Legatum Prosperity Index

The 2009 Legatum Prosperity Index is based on statistical analysis of more than 40 years of data for more than 100 countries worldwide, produced and supervised by the Legatum Institute, with input from the research consultancy Oxford Analytica and a panel of respected academic advisors in the fields of economics, history, development, sociology, and political science.

2009 Legatum Prosperity Index Rankings

BEST		ASIA	
1.	Finland	16.	Japan
2.	Switzerland	18.	Hong Kong
3.	Sweden	23.	Singapore
4.	Denmark	24.	Taiwan
5.	Norway	26.	South Korea
6.	Australia	39.	Malaysia
7.	Canada	44.	Thailand
8.	Netherlands	45.	India
9.	United States	50.	Mongolia
10.	New Zealand	55.	Philippines
11.	Ireland	58.	Sri Lanka
12.	United Kingdom	61.	Indonesia
13.	Belgium	75.	China
14.	Germany	87.	Bangladesh
15.	Austria	90.	Nepal
16.	Japan	93.	Cambodia
17.	France	99.	Pakistan
18.	Hong Kong		
19.	Spain		
20.	Slovenia		

BOTTOM	
95.	Kenya
96.	Algeria
97.	Tanzania
98.	Nigeria
99.	Pakistan
100.	Cameroon
101.	Central African Republic
102.	Yemen
103.	Sudan
104.	Zimbabwe

How the Index is constructed



The Prosperity Index accounts for 90 percent of the world's population, using a combination of objective data and subjective responses to surveys. This data comprises 79 different variables, and each is then distilled into one of the nine different sub-indexes identified as a foundation of prosperity. A country's performance in each sub-index is given a score, and the overall Prosperity Index rankings are produced by averaging the equally-weighted scores of the 9 sub-indexes for each country. Those countries that perform well across each sub-index score highest in the overall rankings.

The nine foundations of prosperity that define successful nations are:

- **Economic Fundamentals** – a growing, sound economy that provides opportunities for wealth creation
- **Entrepreneurship and Innovation** – an environment friendly to new enterprises and the commercialisation of new ideas
- **Education** – an accessible, high-quality educational system that fosters human development
- **Democratic Institutions** – transparent and accountable governing institutions that promote economic growth
- **Governance** – an honest and effective government that preserves order and encourages productive citizenship
- **Health** – the physical well-being of the populace
- **Personal Freedom** – the degree to which individuals can choose the course of their lives
- **Security** – a safe environment in which people can pursue opportunity
- **Social Capital** – trustworthiness in relationships and strong communities

India's Performance Across all Nine Sub-Indexes

Economic Fundamentals: 43	Entrepreneurship and Innovation: 55
Democratic Institutions: 36	Education: 86
Health: 88	Safety and Security: 87
Governance: 41	Personal Freedom: 47
Social Capital: 5	Overall Ranking: 45

About the Legatum Institute

The Legatum Institute is an independent policy, advocacy and advisory organisation. The Institute's mission is to research and promote the principles that drive the creation of global prosperity and the expansion of human liberty and wellbeing.

For more information about the Legatum Institute, please visit www.li.com

The Institute is part of the Legatum Group, a private global investment organization focused on investing in the international capital markets and the promotion of sustainable development.

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