

**GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF INDUSTRIAL POLICY & PROMOTION**

LOK SABHA

**UNSTARRED QUESTION NO. 786.
TO BE ANSWERED ON MONDAY, THE 21ST NOVEMBER, 2016.**

INVESTMENT CLIMATE IN THE COUNTRY

**786. SHRI ANOOP MISHRA:
SHRI GODSE HEMANT TUKARAM:**

Will the Minister of **COMMERCE AND INDUSTRY** be pleased to state:

वाणिज्य एवं उद्योग मंत्री

- (a) whether the regulatory framework in the country is a challenge to the creation of an environment conducive for investment;
- (b) if so, whether the Government proposes to assess the investment climate and business regulations in different States;
- (c) if so, the details thereof;
- (d) whether the National Manufacturing Policy is taking care of such hurdles; and
- (e) if so, the details thereof?

ANSWER

**वाणिज्य एवं उद्योग राज्यमंत्री (स्वतंत्र प्रभार)(श्रीमती निर्मला सीतारमण)
THE MINISTER OF STATE (INDEPENDENT CHARGE)
OF THE MINISTRY OF COMMERCE & INDUSTRY
(SHRIMATI NIRMALA SITHARAMAN)**

(a) to (c): The Government of India has taken up a series of measures to increase transparency and improve the efficiency and effectiveness of various government regulatory functions and services for business in India. States too have been brought on board in the process to expand the coverage of these efforts.

A 98-Point Action Plan for improving the regulatory framework for business as part of easing doing business in the country was finalized at the National Workshop of 'Make in India' held on 29th December 2014. Within this, a structured questionnaire (285 questions across 8 Ease of Doing Business Parameters) for ascertaining status of existing policy and procedures impacting setting up of industries/business as per the 98-Point Action Plan was shared by DIPP with the States in April 2015.

In October, 2015 a 340-Point Business Reform Action Plan for States and Union Territories (UTs) was circulated by DIPP to all State/UT Governments for further implementation.

These recommendations are spread across 10 broad parameters – access to information and transparency enablers; single window; environmental registration enablers; obtaining electricity connection; availability of land; construction permit enablers; inspection reform enablers; labour regulation enablers; online tax return filing; and commercial dispute resolution enablers.

The ranking of states on implementation of reforms was released on 31st October, 2016. The press release along with details on the reforms undertaken by various State Governments and Union Territories is annexed.

Reforms that have been implemented by states can be viewed on the online portal i.e. <http://eodb.dipp.gov.in/>.

(d) & (e): National Manufacturing Policy address some issues These include simplification of environment clearances; making clearances web-enabled; simplification of forms related to ease of doing business; registers and returns; labour reforms etc.

ANNEXURE REFERRED TO IN REPLY TO PARTS (a) to (c) OF LOK SABHA UNSTARRED QUESTION NO. 786 FOR ANSWER ON 21ST NOVEMBER 2016.

ASSESSMENT OF STATE IMPLEMENTATION OF BUSINESS REFORMS 2016

The Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, in partnership with the World Bank Group, is pleased to release the results of the Assessment of State Implementation of Business Reforms 2015-16. The Assessment studies the extent to which states have implemented DIPP's 340-point Business Reform Action Plan (BRAP) for States/UTs 2015-16, covering the period July 1, 2015 to June 30, 2016. The BRAP includes recommendations for reforms on 58 regulatory processes, policies, practices or procedures spread across 10 reform areas spanning the lifecycle of a typical business.

Data for this assessment was collected from State Governments on the BRAP portal. The portal, among the first of its kind globally, allowed State Governments to submit evidence of implemented reforms. **At least 32 State and UT Governments submitted evidence of implementation of 7,124 reforms.** These submissions were reviewed by the World Bank team and validated by DIPP's team to study whether they met the objectives of the BRAP. The portal allowed for collaborative dialogue between DIPP and the State Governments in finalizing the evidence submitted. **A total of 6,069 reforms were approved as implemented or not applicable** on the portal.

The results of the assessment demonstrate that States have increasingly risen to addressing the challenge of making it easier to do business. **The national implementation average stands at 48.93%**, significantly higher than last year's national average of 32%. This demonstrates the great progress made by States this year.

The final rank of the States as of June 30, 2016 is shown in the table below.

2016 Rank	State	Score (%)	2015 Rank
1.	ANDHRA PRADESH	98.78	2
1.	TELANGANA	98.78	13
3.	GUJARAT	98.21	1
4.	CHHATTISGARH	97.32	4
5.	MADHYA PRADESH	97.01	5
6	HARYANA	96.95	14
7.	JHARKHAND	96.57	3
8.	RAJASTHAN	96.43	6
9.	UTTARAKHAND	96.13	23
10.	MAHARASHTRA	92.86	8
11.	ODISHA	92.73	7
12.	PUNJAB	91.07	16
13.	KARNATAKA	88.39	9
14.	UTTAR PRADESH	84.52	10
15.	WEST BENGAL	84.23	11
16.	BIHAR	75.82	21
17.	HIMACHAL PRADESH	65.48	17
18.	TAMIL NADU	62.80	12
19.	DELHI	47.62	15
20.	KERALA	26.97	18
21.	GOA	18.15	19
22.	TRIPURA	16.67	26

2016 Rank	State	Score (%)	2015 Rank
23.	DAMAN & DIU	14.58	-
24.	ASSAM	14.29	22
25.	DADRA & NAGAR HAVELI	1.79	-
26.	PUDUCHERRY	1.49	20
26.	NAGALAND	1.49	31
28.	MANIPUR	1.19	-
29.	MIZORAM	0.89	28
30.	SIKKIM	0.60	27
31.	ARUNACHAL PRADESH	0.30	32
31.	JAMMU & KASHMIR	0.30	29
31.	CHANDIGARH	0.30	24
31.	MEGHALAYA	0.30	30
31.	ANDAMAN & NICOBAR ISLANDS	0.30	25
31.	LAKSHADWEEP	0.30	-

Based on implementation of reforms, States have been divided into four categories, as below

Category	States
Leaders (90-100%)	Andhra Pradesh, Telangana, Gujarat, Chhattisgarh, Madhya Pradesh, Haryana, Jharkhand, Rajasthan, Uttarakhand, Maharashtra, Odisha, Punjab
Aspiring Leaders (70-90%)	Karnataka, Uttar Pradesh, West Bengal and Bihar
Acceleration Required (40-70%)	Himachal Pradesh, Tamil Nadu and Delhi
Jump Start Needed (0-40%)	Kerala, Goa, Tripura, Daman & Diu, Assam, Dadra & Nagar Haveli, Puducherry, Nagaland, Manipur, Mizoram, Sikkim, Arunachal Pradesh, Jammu & Kashmir, Chandigarh, Meghalaya, Andaman & Nicobar Islands, and Lakshadweep.

The highlight of the implemented reforms during this period is as follows:

- **Single Window Systems:** Various States have created a dedicated body/bureau as a one-stop system for State level regulatory and fiscal incentive approvals. The online single window system has a provision for filing applications, payment, status tracking, online scrutiny and approval of applications. The officials of the Body/Bureau have also been given powers to grant approvals.
 - **States include:** Andhra Pradesh, Chhattisgarh, Gujarat, Haryana, Jharkhand, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Telangana, Uttarakhand
- **Tax reforms:** States have made good progress in tax reforms. These include mandating e-registration for Value Added Tax (VAT), Central Sales Tax (CST), Professional Tax, Entry tax, etc, allowing online payment and return filing; providing e-filing support through service centers and helpline and risk-based tax compliance inspections.
 - **States include:** Bihar, Chhattisgarh, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Uttar Pradesh, Uttarakhand, West Bengal
- **Construction permits:** Many States have allowed applicants to apply online and upload building plans for automated construction permit approval. In addition, several states have developed AutoCAD-based systems that automatically scan building plans and monitor compliance with the building bye-laws and building codes in force.
 - **States include:** Andhra Pradesh, Chhattisgarh, Gujarat, Haryana, Madhya Pradesh, Maharashtra, Rajasthan, Telangana, Uttarakhand

- **Environment and labour reforms:** States have also implemented advanced automated solutions to deal with environmental and pollution related applications and approvals. These solutions provides hassle free, 24 X 7 e-access to businesses to apply online, track applications, file returns and statements and get online permissions under various Acts and regulations.

- o **States include:** Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Haryana, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand, West Bengal

- **Inspection Reforms:** A number of inspection reforms with regard to labour, tax and environment related compliances have been introduced across the States to help businesses comply with inspection requirements in a user-friendly manner. To bring in transparency, the states have also published comprehensive procedures and checklist for various inspections and have implemented online systems for allocation of inspectors to increase efficiency and effectiveness of the procedure.

- o **States include:** Andhra Pradesh, Chhattisgarh, Gujarat, Haryana, Jharkhand, Karnataka, Madhya Pradesh, Odisha, Punjab, Rajasthan, Punjab, Telangana, Uttar Pradesh, Uttarakhand

- **Commercial disputes and paper-less courts:** There has been significant progress this year in the area of judicial reforms compared to last year, particularly due to the passage of the Commercial Courts, Commercial Divisions and Commercial Appellate Divisions Act. To address the concern of time and costs associated with various legal processes, District Courts in various states have also made the provision of making online payments, e-filing and e-summons. Few States have also filled up vacancies in District Courts/commercial courts to ensure availability of adequate capacity for dealing with various cases.

- o **States include:** Andhra Pradesh, Chhattisgarh, Gujarat, Haryana, Jharkhand, Madhya Pradesh, Maharashtra, Rajasthan, Telangana

However, the present evaluation also highlights the need to properly communicate, monitor and evaluate these reforms to ensure that their impact is being felt on the ground.

A detailed report will be published in November. All data is publicly available at <http://eodb.dipp.gov.in>.
