



Survey on Business Regulatory Environment for Manufacturing – State Level Assessment

Planning Commission, Government of India

March, 2014



Final Report

Audit • Tax • Consulting • Corporate Finance •

Table of Contents

Executive Summary 7

1. Background..... 17

2. Key observations 21

3. Finance & Tax Related Compliances 29

4. Labour Law Related Compliances 34

5. Infrastructure & Utilities Related Approvals 39

6. Land & Building Related Approvals 44

7. Environment Clearances 51

8. Other Business Regulatory Compliances 56

Annexure A – Evaluation Framework and Methodology..... 62

Annexure B – Questionnaires and Interaction Tools 71

Annexure C – Ready reckoner for high level strategies for consideration of states 103

Disclaimer

Deloitte Touche Tohmatsu India Private Limited (DTTIPL) has been engaged by the Planning Commission, Government of India to carry out a Survey on Business Regulatory Environment for Manufacturing – State Level Assessment. The scope of work, approach & methodology, evaluation & rating framework for the study are as outlined in the current report being submitted to the Planning Commission.

For purposes of the exercise, DTTIPL has used information obtained from various secondary information sources and primary interactions with various stakeholders including manufacturing units, industry associations and key state government officials. We have relied upon this without any independent verification and our assessment is dependent on such information being complete and accurate in all material respects. We do not accept any responsibility or liability for any losses occasioned to any party as a result of our reliance on such information.

The study did not involve any in-depth review of the current policies or processes related to the business regulatory environment prevailing in the states.

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FOREWORD

India must generate jobs for the millions of young people who are entering the workforce every year—our so-called 'demographic dividend'. India's manufacturing sector must become much more competitive than it is and grow much faster than it has to provide more employment opportunities. The National Manufacturing Policy has the aim of generating an additional 100 million jobs in manufacturing by 2025.

Manufacturing enterprises in India suffer from two major sets of constraints compared to enterprises elsewhere. One is the poor state of the transportation and energy infrastructure in the country. The other is the business regulatory environment. India ranks very low in international rankings of ease of doing business. Enterprises in India complain about the numbers of regulations they have to comply with that are badly administered, with too much time required and cost too, and that are often badly designed. Regulations are required no doubt. But they should be implemented efficiently.

An analysis of the regulations that affect manufacturing enterprises reveals that two thirds of them are state regulations. Therefore we must focus on improvements in the states if we want to improve the business regulatory environment in the country.

The Planning Commission has formulated a four step learning and improvement process. Step one is to generate awareness and motivation in the states, to improve which we have made a comparison of the states' regulatory environments. States will see that on some aspects other states are better than they are.

Step two is to provide the states with the best practices of other states. Here the industry associations must play an important role. Their members experience the good and bad practices and the associations that operate across the country can compile the best practices. From the Planning Commission we can point the states to these sources of best practices. The Planning Commission, industry-related ministries, and the business associations, can conduct workshops, inviting many states, in which they can compare notes and learn from each other.



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Step three is the process within each state to 'tune up' its regulations, applying best practice from elsewhere if appropriate. Such 'tuning up' requires that relevant stakeholders must participate to ensure the regulation serves its intended purposes efficiently. For example, labor regulations cannot be changed unilaterally without the participation of unions. Good tools are now available internationally for tuning up regulations and the Planning Commission is introducing these tools to the states to use.

Step four is the assessment in the following year. This will reveal which states have made the most improvements. Then, an understanding of the process they used to make faster improvement can be applied by other states so that they can improve faster. At the end of the day, India will become a more competitive manufacturing nation only if we improve faster than other countries who are also improving all the time. It is not sufficient to make improvements. We must make improvements faster if we want to catch up and stay ahead of the international competition so that we grow our manufacturing industries much faster and create the millions of additional jobs that we must generate in the next few years.

The release of this, the first report, prepared by the Planning Commission with the assistance of Deloitte will put the learning cycle into motion.

I would like to thank our other partners in the shaping of this process, particularly DIPP, MSME Ministry, and the business associations for their support so far and I express my hope that we will all work together with the states to improve India's business regulatory environment to grow the country's manufacturing sector.


Arun Maira
MEMBER



Dr. Renu S. Parmar,
Adviser (Industry)



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New Delhi the, 11th March, 2014

Preface

In order to maintain India's track record as one of the fastest growing economies of the world, the country needs to focus on replicating the growth and dynamism achieved in the services sector over the last two decades in its manufacturing sector. Towards this end, the 12th 5 year Plan has set out the following objectives for the manufacturing sector:

- Increase manufacturing sector growth and its share in the overall economy so that the sector contributes at least 25 per cent of national GDP by 2025
- Increase rate of job creation in manufacturing to create 100 million additional jobs by 2025
- Enhance global competitiveness of Indian manufacturing through appropriate policy support

Given the critical role played by the business regulatory environment in facilitating growth in manufacturing, the Manufacturing Plan acknowledges the need to simplify the regulatory system, ensure fair competition amongst players and reduce the cost of compliance of doing business in the country.

It was in this context that the Planning Commission commissioned the present study to assess the business regulatory environment at the state level. The focus of the study, which covered all 28 states across India, was to assess (a) the relative maturity of business regulations / policies impacting manufacturing units with a focus on institutional frameworks and practices adopted for implementation along with (b) end user experience of complying with business regulations.

The study provides a baseline assessment of the states on their business regulatory environment. It is also expected to assist individual states in identifying potential areas of improvement as regards their business regulatory environment and deciding on measures to be adopted for addressing the same. Inputs in terms of innovative practices adopted by various states for improving their business regulatory environment have been highlighted for ready reference.

An outcome of the study is the development of a framework for evaluating regulatory environment of states, which can be used for periodic analysis by the Planning Commission going forward. Such analysis is expected to facilitate states to assess progress on a periodic basis and identify strategic initiatives which can then be supported by the Planning Commission through its own repository of best practices, tools and solutions.

I congratulate M/s. Deloitte Touche Tohmatsu India Pvt. Ltd. (DTTIPL) for this comprehensive & excellent Report in two volumes.

Dr. Renu S. Parmar
Adviser (Industry)

Executive Summary

Background

The 12th 5 Year Plan acknowledges the importance of manufacturing in overall economic growth and development. The Manufacturing Plan envisages an increase of the share of manufacturing from current levels of 16% of GDP (2011-12) to 25% by 2025, together with creation of an additional 100 million jobs during this period.

The Plan identifies improvement of the business regulatory environment impacting manufacturing units as one of the key enablers for achieving the growth aspirations of the sector. It was in this context that the current study was commissioned by the Planning Commission with the following terms of reference.

- (a) Carry out a comparative analysis of the business regulatory environment impacting manufacturing competitiveness of individual states, spanning various policies adopted for industrial development and more importantly actual implementation of these policies
- (b) Classify states in different stages of maturity based on their business regulatory environment
- (c) Identify innovative / best practices adopted by various states to improve their business regulatory environment which have the potential for replication in other states
- (d) Identify high level strategies and interventions which may be considered by respective states for improving their business regulatory environment

The study covered all 28 states and was carried out over a 5 month period starting from September 2013.

Approach and Methodology

The business regulatory environment for each state has been assessed based on an evaluation framework comprising six parameters i.e. (i) finance & tax related compliances, (ii) labour law related compliances, (iii) infrastructure & utility related approvals, (iv) land & building related approvals, (v) environmental clearances and (vi) other business regulatory compliances. Each parameter comprised a set of sub-parameters based on the key regulatory compliance requirements in that category (refer figure below for details).



Subsequently, a questionnaire was developed for obtaining feedback of manufacturing units on individual sub-parameters in terms of time taken for approval (wherever applicable) and on end user experience of the process (whether it was IT enabled, adequacy of information / guidance, number of visits required for compliance, objectivity of compliance process etc.). Simultaneously, detailed discussion agenda were prepared for the industry associations as well as State Government officials for obtaining feedback on highlights of policies and implementation mechanisms adopted for business regulatory compliance, key issues to be addressed for further improvement etc. Both the questionnaire and discussion agenda were refined and finalized through interactive meetings and workshops involving officials from the Planning Commission, DIPP, Ministry of MSME as well as representatives from industry associations like CII, FICCI etc.

Based on the evaluation framework, a 5 point rating scale was also developed to score individual states against individual sub-parameters based on the responses obtained during the primary survey. To minimize impact of sampling related anomalies, higher weights have been assigned to objectively verifiable parameters like existing policies and processes / practices adopted for regulatory compliance (IT enabled monitoring mechanism for Single Window mechanism, for example) vis-a-vis pure perception based factors like extent of satisfaction.

Extensive desk research was conducted by the Deloitte team to identify and analyse key initiatives undertaken by various states as part of their efforts to improve their business regulatory environment. Subsequently, during the period from October 2013 to January 2014, the Deloitte team visited all 28 states as part of the field study. The Planning Commission also reached out to all leading industry associations to enlist their support in reaching out to their constituents for participating in the survey and links to the online questionnaire were shared by some of the larger industry associations with their members.

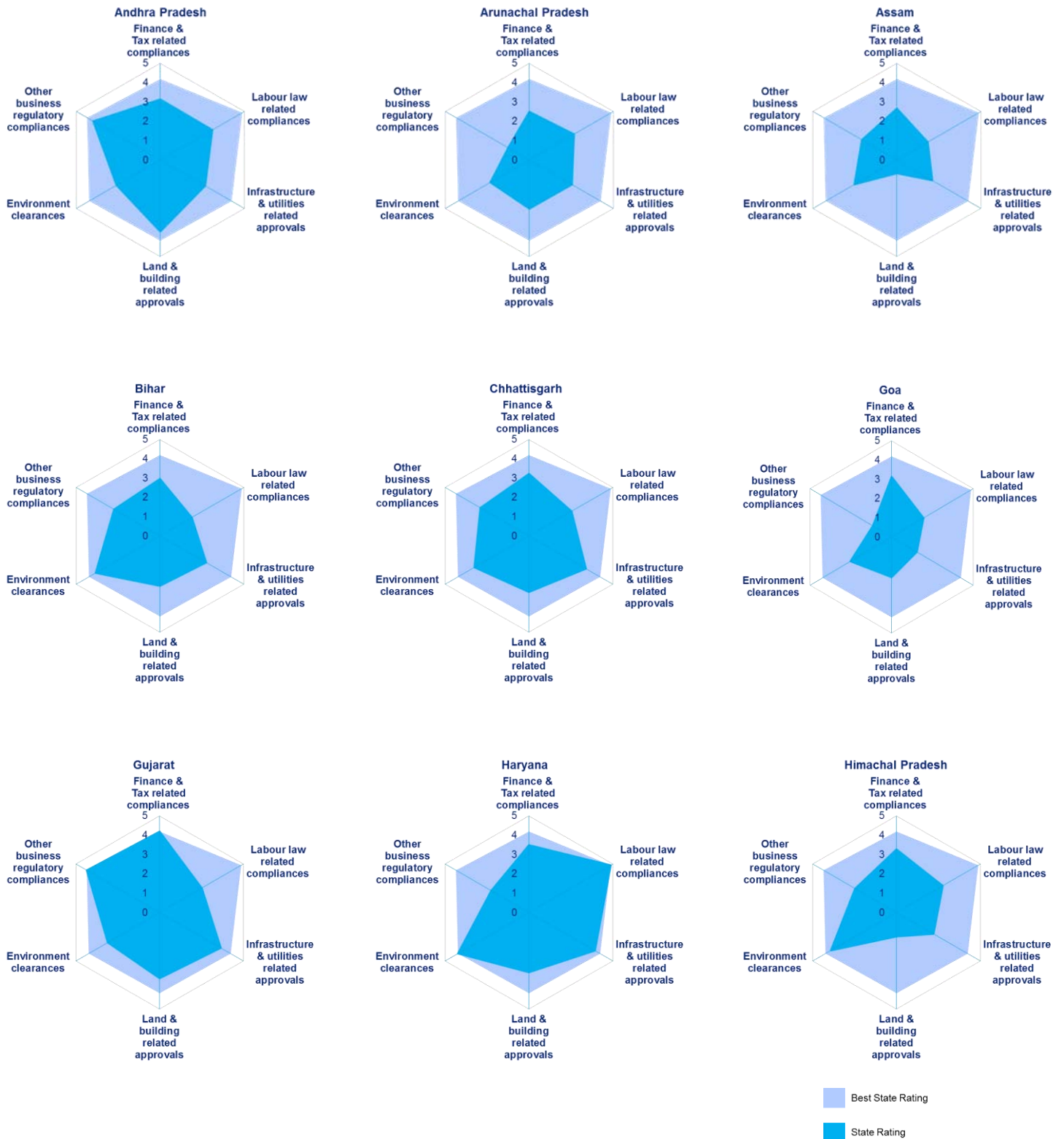
More than 400 manufacturing units across 28 states shared their experience on business regulatory compliance in their respective states, together with around 50 industry associations who provided views and inputs on the business environment of the states (what is working and what is not) & possible solutions. Around 100 State Government officials also participated in the exercise, assisting in validating the desk research findings and sharing their viewpoints and insights on policies and implementation mechanisms adopted / proposed to be adopted by them for improving the business regulatory climate.

The current report details the key findings from the exercise and is in two parts. In **Volume I**, the relative standing of various states on overall business regulatory environment as well as on the six individual dimensions of business regulatory compliance has been covered. **Volume II** contains state specific findings in terms of key observations for each of the six dimensions of regulatory compliance, select policies and implementation mechanisms adopted for improving the business regulatory environment, suggestions made by stakeholders as well as select high level recommendations for consideration by the State Government.

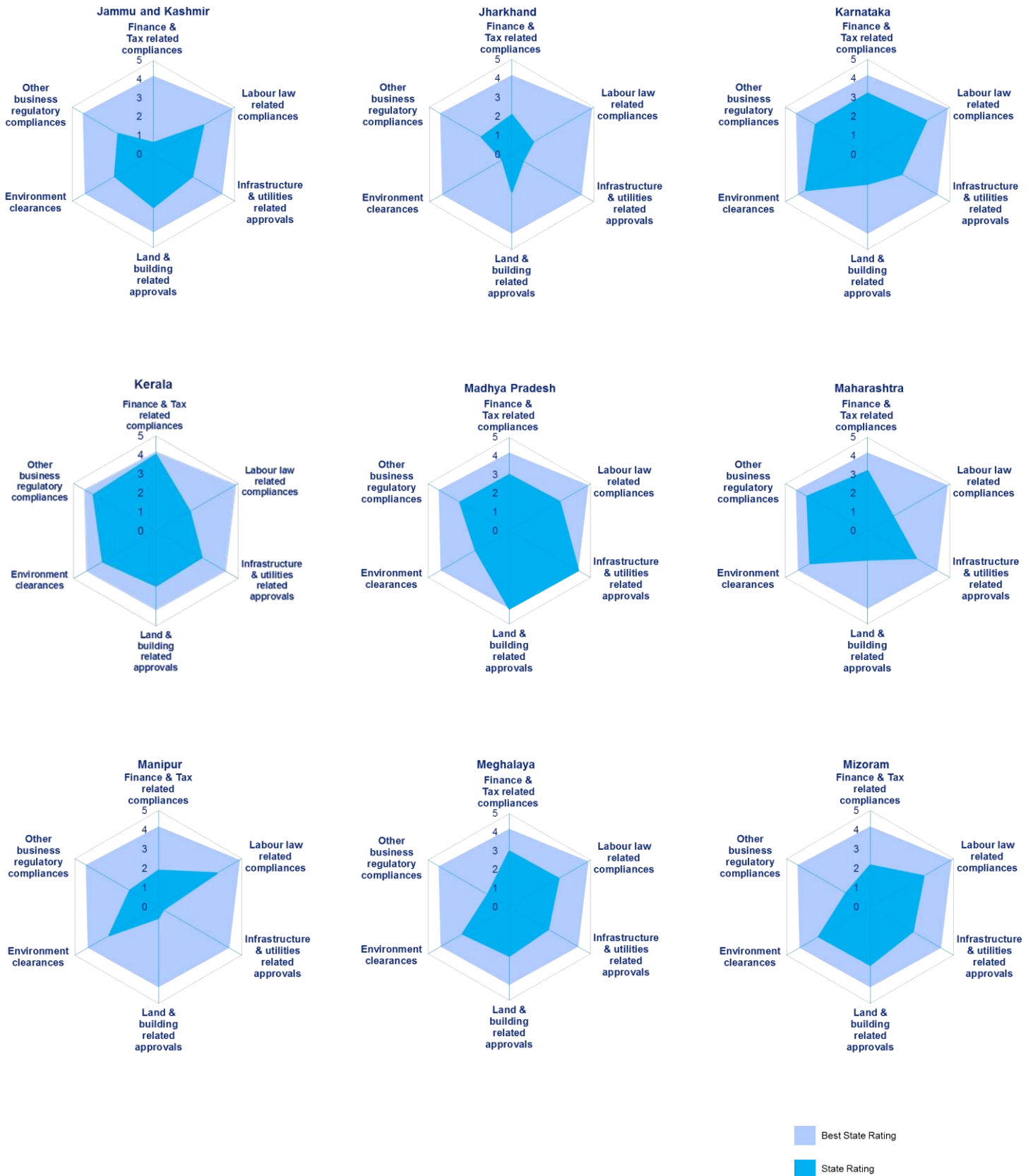
Key findings on business regulatory environment at the State level

All states were initially rated on the 5 point rating scale on (a) overall regulatory compliance environment as well as (b) the 6 regulatory compliance-dimensions comprising the overall compliance environment (refer figure on previous page). As has been indicated above, for each sub-parameter, significantly higher weights were assigned to objectively verifiable parameters vis-a-vis parameters which are purely perception driven. The following charts depict the ratings of the respective states for each of the six dimensions of regulatory compliance. The states have been presented in alphabetical order.

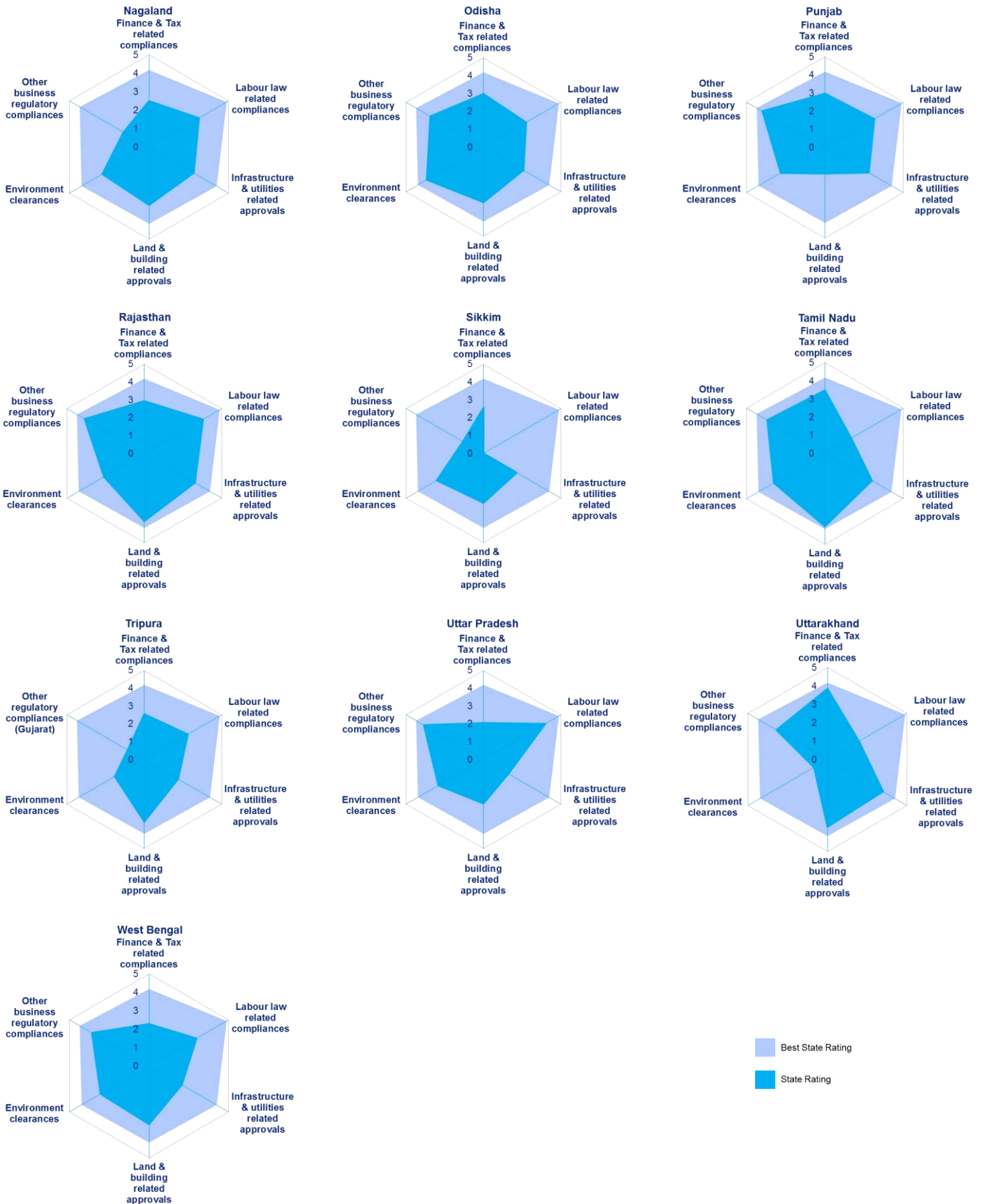
Survey on Business Regulatory Environment for Manufacturing – State Level Assessment



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Post rating of the states as highlighted above, the final analysis was carried out based on percentiles. All the states were grouped into the following 3 categories/ clusters, based on their ratings on overall business regulatory environment as well as each of the 6 dimensions of regulatory compliance.

- Category 1: Top 33.33 percentile of states
- Category 2: Middle 33.33 percentile of states
- Category 3: Bottom 33.33 percentile of states

The table below indicates the states (in alphabetical order) in each of the above percentile groups.

State	Overall Rating	Finance & Taxes related Compliances	Labour Law related Compliances	Infrastructure & Utilities related Approvals	Land & Building related Approvals	Environment Clearances	Other Business Regulatory Compliances
Andhra Pradesh	●	●	●	●	●	●	●
Chhattisgarh	●	●	●	●	●	●	●
Gujarat	●	●	●	●	●	●	●
Haryana	●	●	●	●	●	●	●
Kerala	●	●	●	●	●	●	●
Madhya Pradesh	●	●	●	●	●	●	●
Odisha	●	●	●	●	●	●	●
Rajasthan	●	●	●	●	●	●	●
Tamil Nadu	●	●	●	●	●	●	●
Bihar	●	●	●	●	●	●	●
Himachal Pradesh	●	●	●	●	●	●	●
Karnataka	●	●	●	●	●	●	●
Maharashtra	●	●	●	●	●	●	●
Mizoram	●	●	●	●	●	●	●
Nagaland	●	●	●	●	●	●	●
Punjab	●	●	●	●	●	●	●
Uttar Pradesh	●	●	●	●	●	●	●
Uttarakhand	●	●	●	●	●	●	●
West Bengal	●	●	●	●	●	●	●
Arunachal Pradesh	●	●	●	●	●	●	●
Assam	●	●	●	●	●	●	●
Goa	●	●	●	●	●	●	●
Jammu and Kashmir	●	●	●	●	●	●	●
Jharkhand	●	●	●	●	●	●	●
Manipur	●	●	●	●	●	●	●
Meghalaya	●	●	●	●	●	●	●
Sikkim	●	●	NA*	●	●	●	●
Tripura	●	●	●	●	●	●	●
●	Top 33.33 percentile of states						
●	Middle 33.33 percentile of states						
●	Bottom 33.33 percentile of states						

* Feedback from State Government indicated limited application of the provisions of labour laws like Factories Act, etc.

It should be noted that the above evaluation is based solely on the business regulatory environment in the respective states. Other key factors that impact the performance of manufacturing units like quality of infrastructure, availability of natural resources, market linkages, labour & skill availability, access to finance, etc. have not been covered in the current study. Consequently, the relative standing of individual states may differ from their performance in terms of contribution to India’s manufacturing GDP. For example, a particular state may have been identified as being relatively mature in its business regulatory environment but may not feature among the top contributors to manufacturing GDP owing to limited natural resources within its geographic boundaries.

As can be seen from the above table, there exists further scope for improvement for all the states. Even the states featuring in the top 33.33 percentile have potential for improving their business regulatory

compliance environment in one or more of the 6 underlying dimensions. A summarized table of the common characteristics for each of the sub parameters of the 6 dimensions mapped against the respective categories has been presented in Annexure C of this report. The table may serve as a ready reckoner for high level strategies to be adopted by a particular state for moving to the next level of regulatory compliance maturity.

Some common observations and inferences across States

Generic factors impacting effectiveness of regulatory compliances: Across states, ineffective regulatory compliance processes, wherever prevalent, were observed to be largely an outcome of the following factors:

- Absence of coordination amongst various State Government departments and agencies necessitating filling in of multiple forms with overlapping information, submitting multiple sets of documents and need to undertake visits to multiple departments for obtaining the requisite clearances and approvals
- Lack of information on documentation required to be submitted to the State Government departments & agencies resulting in multiple visits to the concerned departments and consequently delays in obtaining the requisite clearances & approvals
- Absence of a mechanism for tracking of status of application requiring a lot of the entrepreneur's time to be spent on follow up with the concerned State Government departments/ agencies
- Absence of standardized procedures at the State Government departments/ agencies on processing clearances as well as inadequate monitoring mechanisms resulting in delays

Due to the above constraints, impacted entrepreneurs indicated that they had to rely on the services of intermediaries for obtaining clearances which resulted in increased costs.

The Single Window mechanism for regulatory approvals: The manufacturing industries across the country welcomed the concept of "Single Window Mechanism" and "Common Application Form" while applying for clearances. While most of the states have implemented some kind of Single Window System – feedback from the industries as well as industry associations in many states indicates that the effectiveness of implementation has been adversely impacted by the following:

- In most states the Single Window System was mainly targeted at large companies (where investment outlay exceeded a prescribed amount); in such cases the micro and small scale entrepreneurs has to seek clearances from individual departments spending a lot of time in obtaining the requisite clearances
- In some states the single window clearance system only allowed the application to be submitted using a common application form; with the processing of the application taking place at the individual departments offline, requiring the entrepreneurs to interact and follow up with the individual departments/ agencies
- Most states lacked an IT based tracking system for monitoring the application status (both internally within Government as well as for the applicant) resulting in inadequate monitoring by concerned senior officials and requiring the entrepreneurs to follow up with the respective departments on the status of their applications
- Absence of measures holding concerned official(s) accountable for ensuring processing in a time bound manner limited the effectiveness of the system

Effectively leveraging information technology (IT) in streamlining regulatory compliance processes: It was acknowledged widely across states that implementation of IT enabled online submission of various applications for EM, Factories Act, Tax registration, power connections, etc. and allowing online payments have greatly reduced the time and increased transparency of the processes. Respondents' feedback from most states indicated that IT based systems need to be complemented with approved checklists, standardized processes and appropriate institutional / organization frameworks for processing / approval for the compliance process to be truly effective.

Urgent need to strengthen District Industries Centers (DICs): With DICs being the primary interface for information as well as approvals for small & micro industries, respondents' feedback for improving the DIC's effectiveness included:

- Augment the capacity of the DICs through focused training on the business regulations/ subsidy disbursement/ compliance processes
- Introducing standard operating procedures for ensuring objectivity in their functioning related to processing of applications and issuing clearances/ approvals
- Leverage IT based systems to enable faster processing and increasing transparency
- Augment the number of skilled and trained resources in line with volume of activity
- Ensure availability of all requisite information on regulatory compliance for establishing and operating a business at the DIC as a single point source of information.

Timely disbursement of incentives need effective monitoring: Wherever incentives in terms of subsidies, tax refunds, etc. are being offered as per the state's industry policy for attracting investments, review of best practices as well as respondents' feedback indicated that adequate mechanism should be put in place for its effective administration in terms of:

- Clear guidelines/ standard operating procedures on the process for receiving application, processing and disbursement
- Simplifying documentation requirements
- Mechanism for tracking status of application/ disbursement for improving transparency in the process

Standardized procedures required for improving labour law compliance and need for review of laws: Compliance with most of the labour laws requires manufacturing units to maintain documents & records and undergo periodic inspection. Respondents' feedback indicated that inspections by the concerned authorities should be based on standard objective processes and documentation/ record maintenance requirements should be simplified. This can be addressed through

- Developing guidelines/ standard operating procedures on the process for conducting inspections
- Examining the record/ documentation required to be maintained under the various labour laws and assessing their need/ identify areas of simplification in the context of the current business environment

The need for review of the plethora of laws both at the Central and State level with a view to (a) consolidate regulations and minimize overlaps wherever possible and (b) update applicable provisions to make them contemporary was also highlighted by a majority of respondents across stakeholder groups including senior Government officials across the states.

Having the right policies, institutional frameworks and IT enabled processes for land allotment and conversion of land use is critical: With availability of land to set up manufacturing units being an issue in most states, respondents' feedback especially from small scale units indicated preference to be located in Industrial Estates. Review of best practices in land allotment within industrial estates across various states suggests adoption of the following:

- Having a GIS-enabled system for identifying available plots in various industrial estates preferably with information on available infrastructure like water, power, sewerage, highway/ road connectivity, suitability of sector in terms of pollution control rules, which can be transparently shared with credible potential investors
- Ensuring requisite clearances for power and water connections, environmental, etc. are available along with land allotment within the industrial estate through suitable policies together with an institutional framework for implementation involving all concerned agencies

Where land is being acquired by the entrepreneur, respondents' feedback indicated that the process of land conversation/ diversion for change in end use required to be streamlined to address issues relating to (i) lack of clarity of the concerned departments on the process, (ii) significant documentation requirements and (iii) requirement for multiple visits for follow up.

Need for effective and efficient environment clearances: Environmental clearances also have been pointed out as one of the key constraints impacting manufacturing by the industrial units in most of the

states. The key reasons for the same include (i) non-standardized inspection procedure and (ii) Significant documentation requirements.

Conclusion and way forward

The current study has provided a baseline assessment of the states with regards to their business regulatory environment based on their existing policies & practices as well as end user experience of the manufacturing industries in the state. Based on their relative standing in the respective compliance categories, it is expected that states would be in a better position to identify areas of improvement and address these through adopting suitable measures. Additional inputs in the form of innovative practices adopted by various states for improving their business regulatory environment have also been attempted to be captured as part of the exercise.

The study has led to the development of a methodology comprising the evaluation and rating framework, questionnaires, discussion agenda etc. together with a structured framework for analysis and interpretation of key findings. With all these tools having been developed through extensive consultation with a wide cross section of stakeholders comprising Government officials, and representatives from prominent industry associations, these can be used for assessing the business regulatory environment at the state level at regular intervals. Going forward, such periodic assessments are likely to enable the policy makers in the Central and State Governments to assess the progress being made and initiate suitable interventions on the policy and implementation front.

Volume I

Relative maturity of business regulatory environment across States

1. Background

The 12th 5 year Plan (2012-17) acknowledges the importance of the manufacturing sector in India's overall economic growth and lays down the following objectives for the sector:

- Increasing the share of manufacturing in GDP to 25% by 2025 from the current levels of 16% (FY 12), which would necessitate achieving consistent annual growth in domestic manufacturing at a rate of 2 – 4% more than GDP growth
- Creating 100 million additional jobs in the manufacturing sector by 2025

The Manufacturing Plan has also identified the following key thrust areas for improving the performance of the manufacturing sector in the country:

- Business regulatory framework development
- Human capital development
- Use of technology and scope for value addition in the sector
- Cluster development for growth of SMEs
- Development of national investment and manufacturing zones (NIMZs)

The Plan notes that the countries that have performed better than the others in terms of having a vibrant manufacturing sector have, to a great extent, done so on account of the quality of business regulatory environment that they have been able to maintain. Given the importance of a supportive business regulatory environment in encouraging growth of business, it is essential to streamline the business regulatory framework in the country with a focus on:

- Simplifying the existing regulatory system
- Reducing compliance effort and cost
- Ensuring fair competition

It was in this context that the current study was commissioned by the Planning Commission to assess the business regulatory environment at the state level. The focus of the study which covered all 28 states across India is to assess (a) the relative maturity of policies / institutional framework and processes / practices as well as (b) end user experience of complying with business regulations impacting manufacturing units.

It should be noted that the study solely focuses on assessing the existing business regulatory framework in individual states. Other key factors that impact the performance of manufacturing units like quality of infrastructure, availability of natural resources, market linkages, labour & skill availability, access to finance, etc. have not been covered in the current study. Consequently, the relative standing of individual states may differ from their relative contribution to India's manufacturing GDP. For example, a particular state may have been identified as being relatively mature in its business regulatory environment but may not have an equivalent standing in terms of contribution to India's manufacturing GDP owing to limited natural resources within its geographic boundaries.

The current study also aims to develop a framework for evaluation of business regulatory framework for the states, which can be used for periodic analysis by the Planning Commission going forward. Based on such analysis, strategic initiatives for improving the business regulatory environment in the respective states can then be identified by the states which can be supported by the Planning Commission through its own repository of best practices, tools and solutions.

1.1 Scope of Work

In line with the Terms of Reference of the study, the scope of work included the following key activities:

- Comparative analysis of the business enabling environment impacting manufacturing competitiveness of individual states
- High level assessment of the policies adopted at the state level together with implementation mechanisms
- Identifying innovative policies / initiatives and good practices
- Based on the evaluation framework developed for assessing the business regulatory environment at the states, classify states in different stages of maturity as regards their business regulatory environment and suggest high level strategies for further improvement.

The study, which was envisaged to be completed within a 5 month period, commenced in mid-September 2013.

1.2 Approach & Methodology

A participative approach has been followed throughout the study with planned stakeholder consultations at each stage.

Initially, the parameters for assessing the business regulatory environment at the states were discussed with the Planning Commission. Subsequently, the framework was refined and finalized through an interactive meeting involving officials from the Planning Commission, Department for Industrial Policy & Promotion (DIPP), Ministry of MSME and representatives from industry associations like CII, FICCI. The diagram below presents the evaluation framework highlighting the six parameters used for assessing the business regulatory environment for individual states:



Each parameter of the evaluation framework comprises a number of sub parameters as explained below:

- **Finance & Tax related compliances** essentially capture policies & practices as well as end user experience in registration and payment of applicable state VAT, Excise, Entry Tax, Professional Tax, etc. as well as receipt of incentives wherever provided as per the state's industrial policy
- **Labour law related compliances** covering registration / compliance under various labour related policies/ regulations like Employees State Insurance Act, Contract Labour (Regulation and Abolition) Act, Payment of Wages Act, Minimum Wages Act, Industrial Disputes Act, applicable provisions of the Factories Act etc.
- **Infrastructure & Utility related approvals** covering new connections for water, power, sewerage as well as compliance requirements for obtaining fire license
- **Land & Building related approvals** essentially aim to capture policies & practices and industry / user experience in (a) availing land for setting up manufacturing units in Government owned land banks/ Industrial estates, (b) conversion of agricultural land to industrial end-use and (c) getting approvals for building plans.
- **Environment Clearances** attempts to cover policies & practices as well as user experience in obtaining requisite clearances from the state pollution control boards in terms of consent to establish and consent to operate
- **Other business regulatory compliances**, which addresses policy & process maturity levels, user experience in registration of EMs. Additionally, experience of the entrepreneurs with single window clearance mechanism, wherever applicable, at time of establishment of business was also evaluated as part of this parameter

As indicated above, in addition to policies and service delivery practices implemented by Government, the evaluation framework also covered end user / beneficiary experience in terms of time taken and effectiveness of processes from the user's point of view.

Based on the evaluation framework, questionnaires / discussion agenda were developed for each of the following categories of respondents:

Manufacturing units: To record the experience of manufacturing units across states and across micro, small, medium & large categories against each of the above mentioned six parameters. Kindly refer Annexure B for the questionnaire administered.

Industry/ Business Associations: To understand the experience of different categories of manufacturing industries (micro, small, medium & large) across sectors against the above mentioned parameters relating to the business regulatory environment in the state. A key component of the discussion point was to identify key issues/ constraints faced by industry along with recording their suggestions for addressing the same. Kindly refer Annexure B for the list of key discussion points.

State Government officials: To understand the business regulatory environment from the Government's perspective along with key initiatives taken in terms of policies for industrial development in the state, single window clearance mechanisms, innovative practices and key issues/ constraints, if any. Kindly refer Annexure B for the list of key discussion points.

The questionnaire and discussion agenda were also validated through a joint workshop comprising officials from the Planning Commission, DIPP, Ministry of MSME and representatives from industry associations like CII, FICCI etc. The Planning Commission also sought the support of industry associations like CII, FICCI and FISME for broad basing the respondents of the survey by reaching out to their members. For this purpose, the questionnaire was hosted on a website for ensuring easy access and a two month window was provided between December 2013 and January 2014 for responses.

Based on the evaluation framework, a rating framework was developed to rate the states against each of the 6 parameters on a 5 point scale and arrive at an overall rating, based on their responses to individual questions in the questionnaire. Annexure A provides the details of the rating framework.

The Deloitte team visited all 28 states during the period November 2013 to January 2014 and met a wide cross section of stakeholders comprising manufacturing units, prominent industry/ business associations in the respective states and select state government officials (Secretary/ Industries Commissioner, senior officials of state industrial development corporations, nodal agencies managing the single window clearance mechanism, officials of DICs, etc.). The discussions were conducted based on the questionnaires/ discussion points and focused on user experience in complying with various business regulations in the state, initiatives being undertaken for improving the business regulatory environment along with identification of good practices which can be shared with other states. Information available from secondary sources in the public domain on state industrial policies, single window mechanism as well as other aspects on business regulatory environment, which was collated earlier from secondary sources, was also discussed during these interactions for validating our understanding.

The responses from individual manufacturing units were collated and analysed based on the rating framework to arrive at the overall rating for business regulatory environment maturity for individual states as well as the ratings on individual dimensions and sub-parameters therein. While assessing the responses, the findings were cross referenced to key findings from discussions held with the respective industry/ business associations and state government officials. The state specific ratings derived from applying the rating framework were further analysed to identify root causes of end users satisfaction/ dissatisfaction levels and identify areas/ initiatives that can be considered by the respective states to improve user experience.

1.3 Organization of the Report

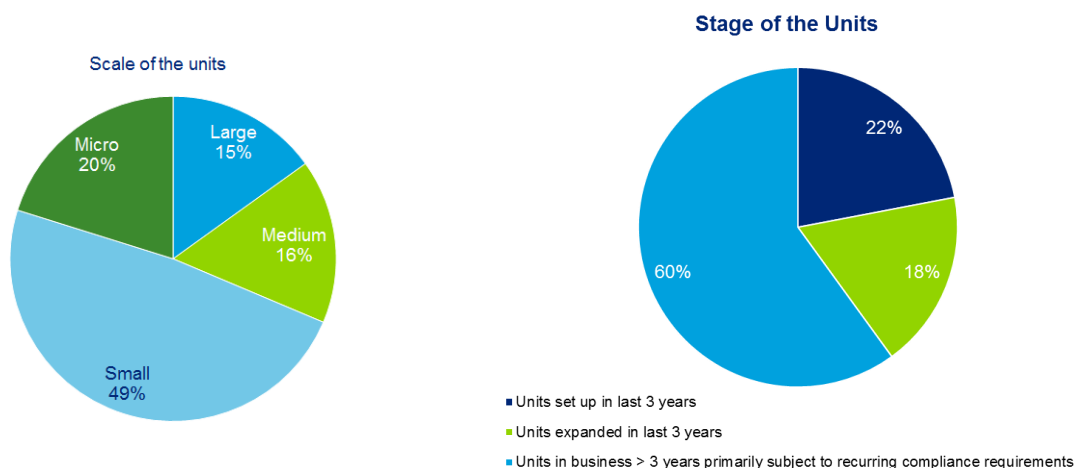
The report presents the key findings from the study and is in two volumes. The current report, Volume I, comprising Sections 2 to 8 highlight the relative maturity of the business regulatory environment in individual states as well as the states' relative standing on each of the constituents of the regulatory environment, namely, finance & tax related compliances, labour law related compliances, infrastructure & utility related approvals, land & building related approvals, environment clearances and other business regulatory compliances.

Volume II highlights State specific findings for all the 28 states in terms of existing policies & processes, user experience for each of the six dimensions of regulatory compliance, select best / innovative practices deployed by the state, key suggestions made by the respondents as well as potential interventions which can be considered by the state for improving its business regulatory environment.

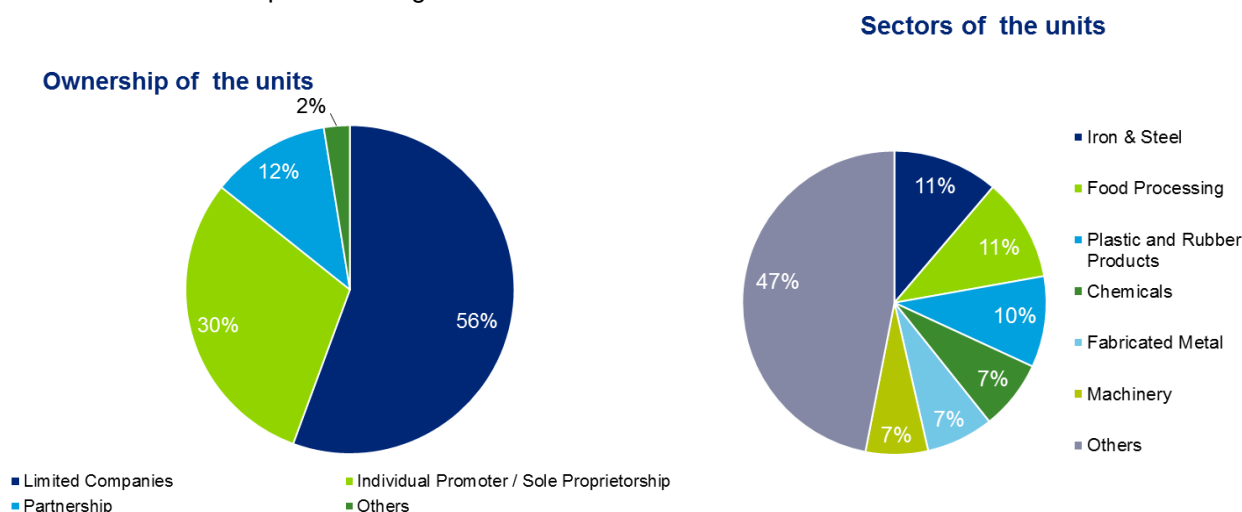
2. Key observations

Composition of the sample

A total of 402 manufacturing units, around 50 industry associations and around 100 officials across individual State Governments were covered as part of the field study. The number of manufacturing units per state ranged from 10 in Sikkim, Meghalaya and Manipur to 21 in Madhya Pradesh. The survey covered about 15% large, 16% medium and 69% micro and small enterprises (refer figure below). In order to capture the views of enterprises at various stages of growth/ maturity levels, units which were set up or have expanded during the last 3 years were also focused on. Of the total number of units surveyed about 22% units were set up in the last 3 years, 18% units undertook expansion in the last 3 years and the remaining 60% represented units which have been in business for more than 3 years, with their primary interface with the business regulatory environment being in the form of recurring compliance requirements.



Of the total units surveyed, majority of the units were limited companies, followed by Individual Promoter/ Sole Proprietorship firms. Iron & Steel & Food Processing emerged as the sectors to which maximum number of enterprises belonged.



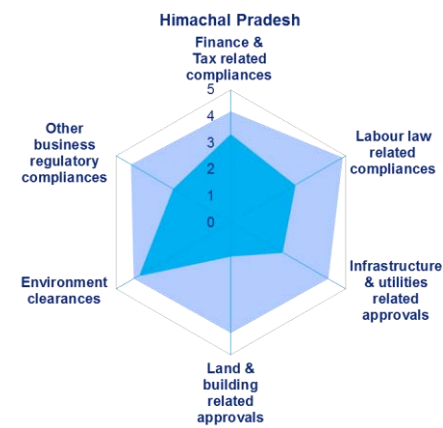
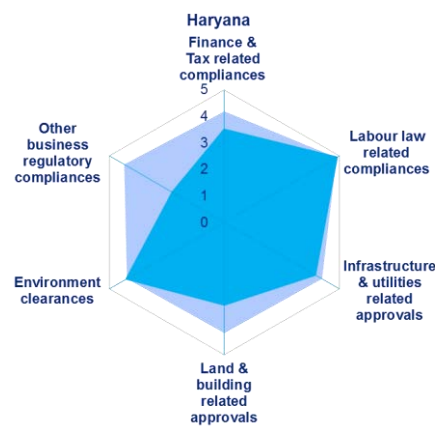
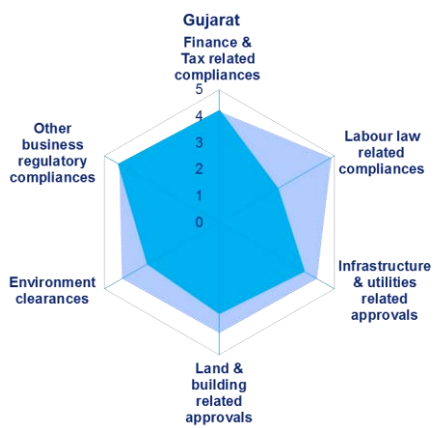
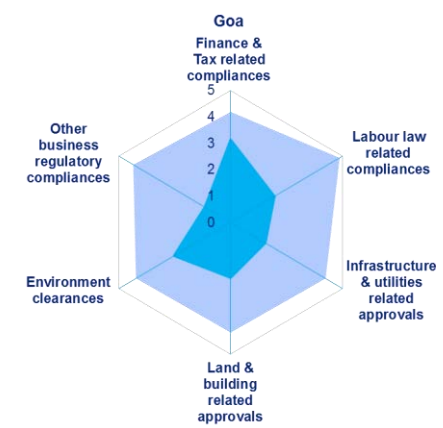
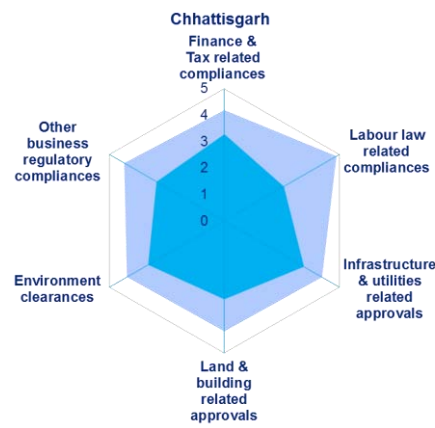
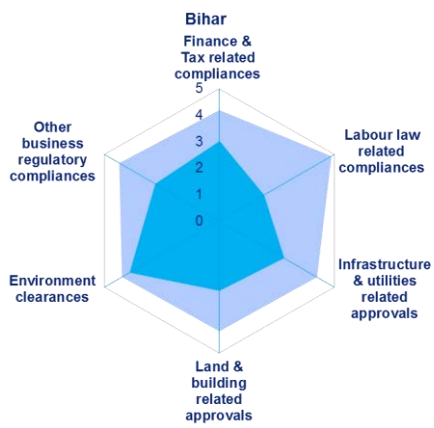
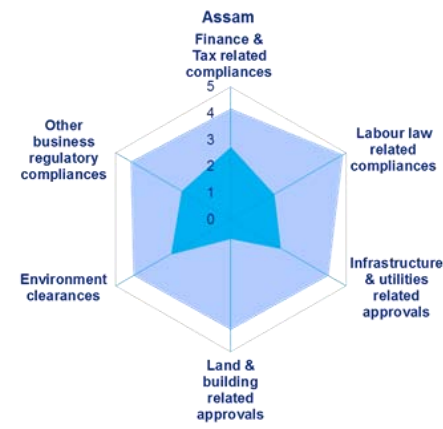
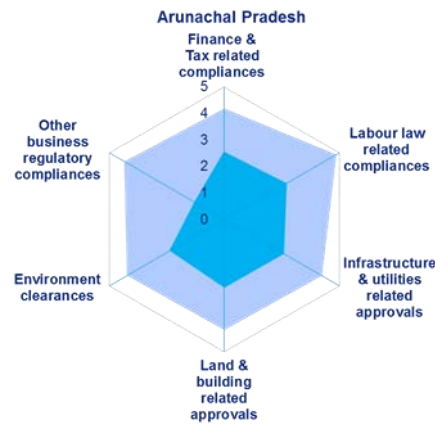
Overall state level business regulatory environment

Using the rating framework outlined in Annexure A, all states were rated on a 5 point scale based on their policies, process / practices in place as well as responses obtained during the course of primary survey. The relative ratings (including those for the six parameters and their sub-parameters) incorporated feedback obtained from the industry associations as well as the Government officials met during the field visits.

As explained in Annexure A to this report, since relative expectation of end users may not be uniform across the states (for example, expectation levels in relatively mature states where users are used to a higher level of service may be higher than other states), for all parameters underlying the individual dimensions of business regulatory compliance, a higher weight was assigned to objectively verifiable factors like existing policies, use of information technology to streamline processes, monitoring & tracking mechanisms, institutional structures etc. for purposes of rating.

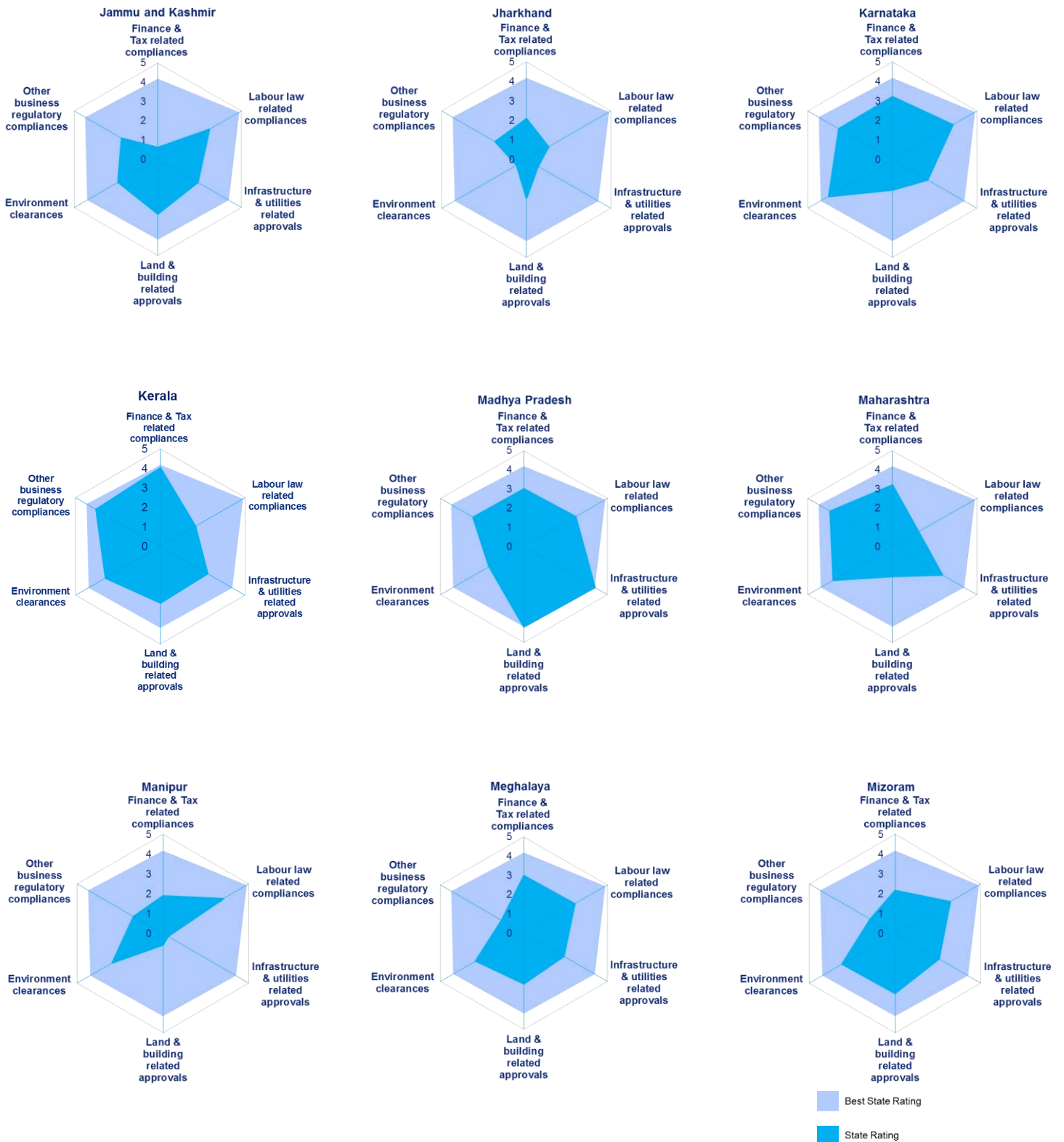
The following charts depict the ratings of the respective states for each of the six dimensions of regulatory compliance. The states have been presented in alphabetical order.

Survey on Business Regulatory Environment for Manufacturing – State Level Assessment

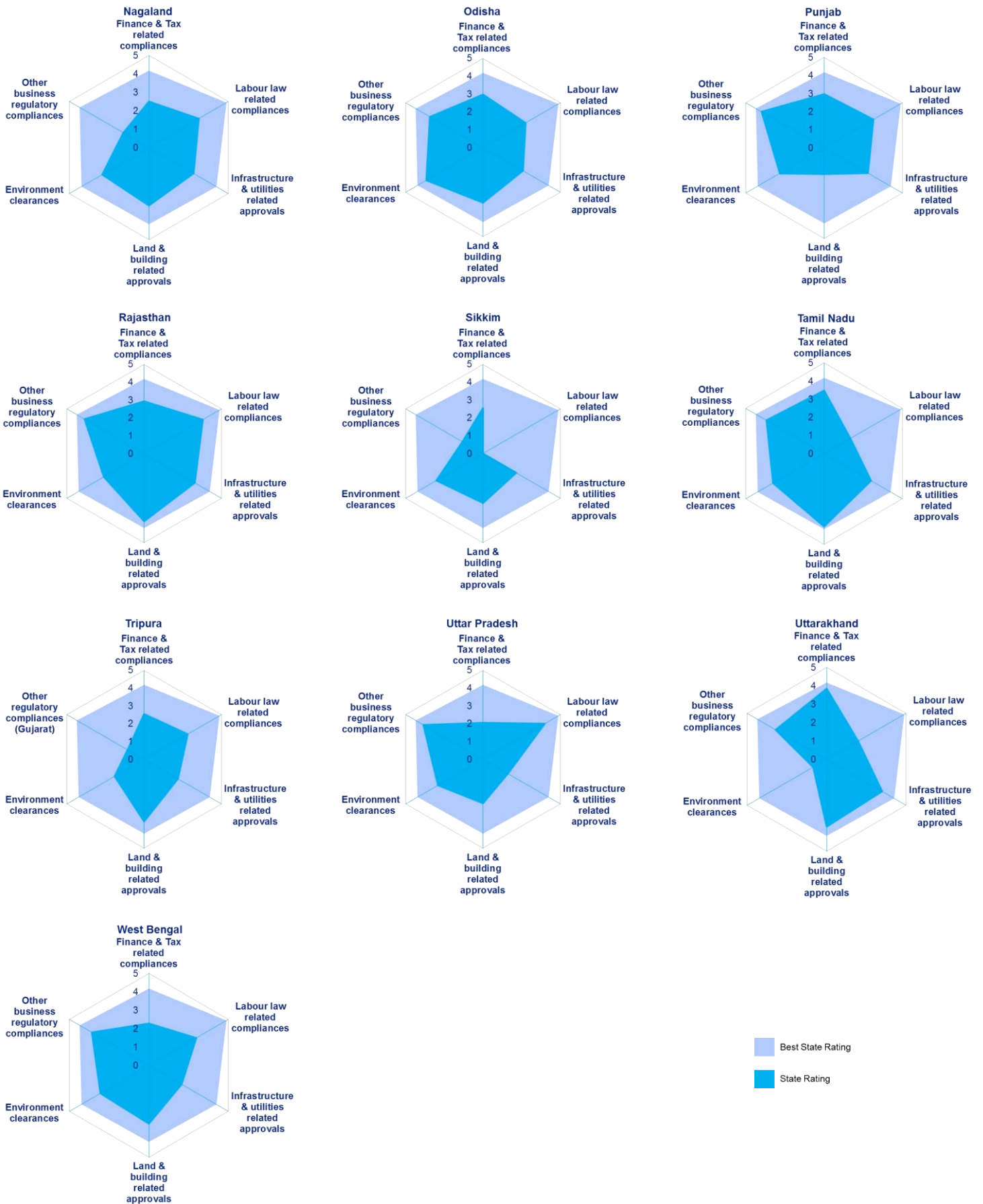


■ Best State Rating
■ State Rating

Survey on Business Regulatory Environment for Manufacturing – State Level Assessment



Survey on Business Regulatory Environment for Manufacturing – State Level Assessment



Post rating of the states as shown above, the final analysis was carried out based on percentiles. All the states were grouped into the following 3 categories/ clusters, based on their ratings on overall business regulatory environment as well as on each of the 6 dimensions of regulatory compliance.

- Category 1 - states belonging to the top 33.33 percentile;
- Category 2 - states belonging to the middle 33.33 percentile; and
- Category 3 - states belonging to the bottom 33.33 percentile.

The final categorization of states based on their overall business regulatory environment has been presented in the table below.

Table 1:

The table below indicates the states (in alphabetical order) in each of the above percentile groups.

State	Overall Rating	Finance & Taxes related Compliances	Labour Law related Compliances	Infrastructure & Utilities related Approvals	Land & Building related Approvals	Environment Clearances	Other Business Regulatory Compliances
Andhra Pradesh	●	●	●	●	●	●	●
Chhattisgarh	●	●	●	●	●	●	●
Gujarat	●	●	●	●	●	●	●
Haryana	●	●	●	●	●	●	●
Kerala	●	●	●	●	●	●	●
Madhya Pradesh	●	●	●	●	●	●	●
Odisha	●	●	●	●	●	●	●
Rajasthan	●	●	●	●	●	●	●
Tamil Nadu	●	●	●	●	●	●	●
Bihar	●	●	●	●	●	●	●
Himachal Pradesh	●	●	●	●	●	●	●
Karnataka	●	●	●	●	●	●	●
Maharashtra	●	●	●	●	●	●	●
Mizoram	●	●	●	●	●	●	●
Nagaland	●	●	●	●	●	●	●
Punjab	●	●	●	●	●	●	●
Uttar Pradesh	●	●	●	●	●	●	●
Uttarakhand	●	●	●	●	●	●	●
West Bengal	●	●	●	●	●	●	●
Arunachal Pradesh	●	●	●	●	●	●	●
Assam	●	●	●	●	●	●	●
Goa	●	●	●	●	●	●	●
Jammu and Kashmir	●	●	●	●	●	●	●
Jharkhand	●	●	●	●	●	●	●
Manipur	●	●	●	●	●	●	●
Meghalaya	●	●	●	●	●	●	●
Sikkim	●	●	NA*	●	●	●	●
Tripura	●	●	●	●	●	●	●
●	Top 33.33 percentile of states						
●	Middle 33.33 percentile of states						
●	Bottom 33.33 percentile of states						

* Feedback from State Government indicated limited application of the provisions of labour laws like Factories Act, etc.

Source: Analysis of data collected as part of survey on Business Environment for Manufacturing

Category 1: States featuring in the top 33.33% percentile

Nine states have been assessed to be in the top 33.33 percentile, namely, Andhra Pradesh, Chhattisgarh, Gujarat, Haryana, Kerala, Madhya Pradesh, Odisha, Rajasthan and Tamil Nadu. However, while these states are part of the top 33.33% percentile based on overall business regulatory compliance environment:

- 4 of these states i.e. Andhra Pradesh, Madhya Pradesh, Odisha and Rajasthan feature in the middle 33.33 percentile for *finance & tax related compliances*.
- Chhattisgarh and Odisha featured in the middle 33.33 percentile for *labour law related compliances*, with Gujarat, Tamil Nadu and Kerala featuring in the bottom 33.33 percentile of states
- 3 states, namely, Andhra Pradesh, Kerala and Odisha featured in the middle 33.33 percentile for *infrastructure & utility related approvals*.
- 4 states, namely, Chhattisgarh, Haryana, Kerala and Odisha were part of the middle 33.33 percentile for *land & building related approvals*
- As regards *environment clearances*, 3 states i.e. Andhra Pradesh, Gujarat and Rajasthan featured in the middle 33.33 percentile and Madhya Pradesh featured in the bottom 33.33 percentile
- 4 states, namely, Chhattisgarh, Haryana, Madhya Pradesh and Odisha were part of middle 33.33 percentile for *other business regulatory compliances*.

Category 2: States featuring in the middle 33.33% percentile

Ten states have been assessed to be in the middle 33.33 percentile based on overall business compliance environment, namely, Bihar, Himachal Pradesh, Karnataka, Maharashtra, Mizoram, Nagaland, Punjab, Uttarakhand, Uttar Pradesh and West Bengal.

- However, 4 of these states i.e. Himachal Pradesh, Karnataka, Maharashtra and Uttarakhand feature in the top 33.33 percentile of states for *Finance & Tax related compliances*. 4 other states i.e. Mizoram, Nagaland, Uttar Pradesh and West Bengal were part of the bottom 33.33 percentile in this category.
- As far as *labour law related compliances* are concerned, 5 states, namely, Karnataka, Mizoram, Nagaland, Punjab and Uttar Pradesh are part of the top 33.33 percentile of states. Bihar, Maharashtra and Uttarakhand feature in the bottom 33.33 percentile in this category.
- Maharashtra, Nagaland and Uttarakhand featured in the top 33.33 percentile of states for *Infrastructure & Utility related approvals*, with Karnataka, West Bengal and Uttar Pradesh being part of the bottom 33.33 percentile in the same category.
- 3 states i.e. Nagaland, Uttarakhand and West Bengal featured in the top 33.33 percentile of states for *Land and Building related approvals*. However, 5 other states i.e. Himachal Pradesh, Karnataka, Maharashtra, Punjab and Uttar Pradesh were part of the bottom 33.33 percentile in this category of compliances.
- For *environmental clearances*, while 4 states i.e. Bihar, Himachal Pradesh, Karnataka and Maharashtra feature in the top 33.33 percentile, Uttarakhand featured in the bottom 33.33% percentile.
- As regards *other business regulatory compliances*, 4 states i.e. Punjab, Maharashtra, Uttar Pradesh and West Bengal were part of the top 33.33 percentile and two states i.e. Mizoram and Nagaland featured in the bottom 33.33 percentile.

Category 3: States featuring in the bottom 33.33% percentile

Nine states have been assessed to be in the bottom 33.33 percentile based on overall business regulatory environment, namely, Arunachal Pradesh, Assam, Goa, Jammu & Kashmir, Jharkhand, Manipur, Meghalaya, Sikkim and Tripura. In terms of individual compliance categories:

- 4 of these states, i.e. Assam, Goa, Meghalaya and Sikkim feature in the middle 33.33 percentile for *finance & tax related compliances*.

- Manipur features in the top 33.33 percentile for *labour law related compliances*, while Arunachal Pradesh, Jammu & Kashmir, Meghalaya and Tripura feature in the middle 33.33 percentile.
- 3 of these states, i.e. Arunachal Pradesh, Jammu & Kashmir and Meghalaya are part of the middle 33.33 percentile for *infrastructure & utility related approvals*.
- Tripura forms a part of the top 33.33 percentile of states in *land & building related approvals*, whereas Meghalaya, Sikkim, Arunachal Pradesh and Jammu & Kashmir constitute a part of the middle 33.33 percentile.
- 3 of these states, Meghalaya, Sikkim and Manipur feature in the middle 33.33 percentile for *environmental clearances*.
- As regards *other business regulatory compliances*, 2 states i.e. Assam and Jammu & Kashmir featured in the middle 33.33 percentile.

3. Finance & Tax Related Compliances

Finance & Tax related Compliances

Finance & Tax related Compliances covers the following:

- Time taken and effectiveness of process for initial registration by manufacturing units under Value Added Tax, State Excise, Entry Tax, Professional Tax
- Time taken and effectiveness of processes for payment of Value Added Tax, State Excise, Entry Tax, Professional Tax
- Time taken and effectiveness of process for disbursement of incentives under State industrial policy

Top 33.33 percentile States

9 states viz. Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Maharashtra, Tamil Nadu and Uttarakhand feature in this category (please refer table below)

State	Registration			Payment			Incentives		
	Time	Process	Registration Score	Time	Process	Payment Score	Time	Process	Incentives Score
Chhattisgarh	●	●	●	●	●	●	●	●	●
Gujarat	●	●	●	●	●	●	●	●	●
Haryana	●	●	●	●	●	●	●	●	●
Himachal Pradesh	●	●	●	●	●	●	●	●	●
Karnataka	●	●	●	●	●	●	●	●	●
Kerala	●	●	●	●	●	●	●	●	●
Maharashtra	●	●	●	●	●	●	●	●	●
Tamil Nadu	●	●	●	●	●	●	●	●	●
Uttarakhand	●	●	●	●	●	●	●	●	●

Rating on 5 point scale ● Rating > 3.5 ● 1.5 < Rating <= 3.5 ● Rating <= 1.5

Key characteristics of states placed in top 33.33 percentile:

- Facility for online VAT registration and payment resulting in positive user experience. Average time taken for VAT registration and payment is around 15 days and 1-2 days respectively for most states
- Moderately effective system for monitoring disbursement of incentives leveraging information technology and appropriate institutional frameworks, with time taken for most states in this category ranging between 3-6 months

- All the states in this category have online VAT registration and payment facilities except Haryana where VAT registration process is manual.

- The average time for VAT registration for states in this category is around 15 days except Chhattisgarh (25 days) and Maharashtra (33 days). Majority of the respondents expressed satisfaction with VAT registration time.
 - Feedback from industry association and industry for Chhattisgarh and Maharashtra indicated that while online registration facilities were there in these states, the entrepreneur still had to visit the department to submit hardcopies of the required documents. Industry Association interactions in Maharashtra also indicated that most entrepreneurs have engaged Chartered Accountants for completing formalities regarding VAT registration on their behalf.
- Most of the entrepreneurs were satisfied with the online VAT payment facility with the overall time not taking more than 2 days except in Uttarakhand and Tamil Nadu where it takes about a week to receive the payment confirmation through email.
- 2 states in this category viz. Gujarat and Tamil Nadu have implemented an online system for applying for incentives whereas the other states in this category have a manual system. Feedback from Industry Associations in most of the states in this category indicated that the time for disbursements of incentives ranged between 3-6 months. Majority of respondents expressed satisfaction with the process involved in getting incentives in all the states except Chhattisgarh & Karnataka where respondents expressed low satisfaction on the process effectiveness.
 - Respondents from Chhattisgarh, mostly belonging to the small & medium sector indicated that they were not satisfied with time taken for availing capital subsidy. Based on interactions with industry associations and industries in Chhattisgarh, the irregular meeting schedule of the sanctioning committee was identified as the key constraint.
 - Feedback from Industry Associations and Industries in Karnataka indicated that the procedures for availing incentives undergo frequent changes especially in terms of documentation requirements.
 - Feedback from Industry Associations and Industries in Tamil Nadu indicated that the primary cause for low satisfaction with time taken to receive incentives/ subsidies was that even after online submission of application, multiple visits were required to concerned department

Middle 33.33 percentile States

10 states viz. Andhra Pradesh, Assam, Bihar, Goa, Madhya Pradesh, Meghalaya, Odisha, Punjab, Rajasthan and Sikkim feature in this category (please refer table below)

State	Registration			Payment			Incentives		
	Time	Process	Registration Score	Time	Process	Payment Score	Time	Process	Incentives Score
Andhra Pradesh	NA	NA	NA	●	●	●	●	●	●
Assam	●	●	●	●	●	●	●	●	●
Bihar	●	●	●	●	●	●	●	●	●
Goa	●	●	●	●	●	●	●	●	●
Madhya Pradesh	●	●	●	●	●	●	●	●	●
Meghalaya	●	●	●	●	●	●	●	●	●
Odisha	●	●	●	●	●	●	●	●	●
Punjab	●	●	●	●	●	●	●	●	●
Rajasthan	●	●	●	●	●	●	●	●	●
Sikkim	●	●	●	●	●	●	●	●	●

Rating on 5 point scale ● Rating > 3.5 ● 1.5 < Rating <= 3.5 ● Rating <= 1.5

Key characteristics of states placed in middle 33.33 percentile:

- Facility for online VAT registration and payment, resulting in positive user experience. Average time taken for VAT registration and payment is around 20 days and 1-2 days respectively for most states in this category
- Largely manual processes for applying and disbursement of incentives under the state industrial policy, with the average time for disbursement being around 6-12 months for most states in this category

- All the states placed in this category have an online tax registration and payment facility excepting manual process of tax registration in Assam. Most of the respondents expressed satisfaction with the process for VAT registration and payment.
- The average time for VAT registration for states in this category is 20 days. Assam having a manual VAT registration process takes about 20 days while Odisha despite having an online system takes more than a month. In Meghalaya it takes about 23 days which is slightly higher than the average time taken.
 - Feedback from Industry Association and Industry interactions in Odisha indicated that the key reason for delays was that post application multiple visits were required to be made to the department.
 - Feedback from Industry Association in Andhra Pradesh indicated that the state had an online VAT registration system with the registration process taking around 1-2 days.
- While VAT payments takes an average of 1-2 days in most states in this category, respondents from Rajasthan & Madhya Pradesh indicated that it took 7 days and Assam indicated that it took 9 days for VAT payment
 - Feedback from Industry Association and Industry interactions in Rajasthan, Madhya Pradesh and Assam indicated that it takes about a week to receive the payment confirmation from the department. Further it was indicated that most of the industrialists have engaged Chartered Accountants for VAT payments.
- All the states in this category, except Andhra Pradesh & Assam, have a manual process for receiving and processing applications for incentives. Almost all the respondents in Andhra Pradesh, Assam, Bihar and Sikkim were not satisfied with the time taken in getting the incentives/ subsidies.
 - Feedback from Industry Association and Industry interactions in Andhra Pradesh & Bihar and Assam & Sikkim indicated that the average time taken to get incentives was about 6-12 months and more than a year respectively which was primarily on account of delays in processing applications at the level of concerned department/ agency.

In most states, majority of respondents expressed satisfaction with the process involved in getting incentives except in Assam, Punjab and Sikkim, Bihar and Odisha

- Majority of respondents from Assam, Punjab & Sikkim indicated that they were not satisfied with the process primarily on account of complex documentation requirements.
- Feedback from Industry Association and Industry interactions also indicated a key reason for delays was that the procedures undergo frequent changes especially in terms of documentation requirements. Entrepreneurs in the north eastern states like Assam and Sikkim also indicated that it is very difficult to get reimbursements under transport subsidy due to complex process including excessive documentation requirements.
- Majority of the respondents from Bihar and Odisha commented that processes for availing incentives were not standardized and lack clarity & objectivity. The process also involved complex documentation.

Bottom 33.33 percentile States

9 states viz. Arunachal Pradesh, Jammu & Kashmir, Jharkhand, Manipur, Mizoram, Nagaland, Tripura, Uttar Pradesh and West Bengal feature in this category (please refer table below)

State	Registration			Payment			Incentives		
	Time	Process	Registration Score	Time	Process	Payment Score	Time	Process	Incentives Score
Arunachal Pradesh	●	●	●	●	●	●	●	●	●
Jammu and Kashmir	NA	NA	NA	NA	NA	NA	●	●	●
Jharkhand	●	●	●	●	●	●	●	●	●
Manipur	●	●	●	●	●	●	●	●	●
Mizoram	●	●	●	●	●	●	●	●	●
Nagaland	●	●	●	●	●	●	●	●	●
Tripura	●	●	●	●	●	●	●	●	●
Uttar Pradesh	●	●	●	●	●	●	●	●	●
West Bengal	●	●	●	●	●	●	●	●	●

Rating on 5 point scale ● Rating > 3.5 ● 1.5 < Rating <= 3.5 ● Rating <= 1.5

Key characteristics of states placed in bottom 33.33 percentile:

- Facility for online VAT registration and payment, resulting in positive user experience. Average time taken for VAT registration and payment is around 30 days and 2-9 days respectively for most states in this category
- Manual process for applying for incentives under the state industrial policy, with the average time period for disbursements being more than a year

- All the states in this category have online line tax registration and payment facility. Majority of the respondents expressed satisfaction with the VAT registration and payment process
- The average time for VAT registration was about 30 days for most states in this category. In states like Arunachal Pradesh, West Bengal and Tripura, the time taken for VAT registration was more than a month. Majority of respondents from Jharkhand, Tripura and West Bengal indicated that they were not satisfied with the time taken for registration. Based on discussions with industry associations & industries in these states, the primary reason for the relatively long registration time could be attributed to the need for entrepreneurs to visit the concerned department with hard copies of documents after submitting the application online
- While VAT payments take 2-9 days in most of the other states, it takes more than 9 days in Mizoram (16 days), and Manipur (20 days).
- All the states placed in this category have a manual process for receiving applications for incentives. Majority respondents across all states in this category expressed that they were not satisfied with the process involved in getting incentives.
 - Feedback from Industry Association and Industry interactions indicated that the key cause for industries not being satisfied was (i) excessive documentation requirements and (ii) multiple visits required to be made to the concerned departments.
 - Entrepreneurs in the states like Nagaland, Tripura, Mizoram, Manipur and Jammu and Kashmir also opined that it was very difficult to get reimbursements under transport subsidy and NEIIPP (applicable for north eastern states) due to excessive documentation requirements.

- Almost all respondents in Nagaland, Mizoram, West Bengal, Uttar Pradesh, Manipur, Jharkhand and Jammu & Kashmir¹ commented that it takes more than a year to receive the incentives

Innovative / Good Practices

A number of innovative / good practices were observed in areas like access to information and streamlined business processes, some of which have been highlighted below:

Access to Information on compliance/ regulatory requirements

- To raise awareness about incentives for the small and micro enterprises in West Bengal, the DICs are in the process of developing a single point of information dissemination at the district level. Relevant information on incentives offered as part of the state industrial policy along with procedures for the availing the same is proposed to be disseminated through camps to be held at the DIC premises on a specified date every month.
- Many states like Chhattisgarh have published ready reckoners in local languages to guide the industrial units on the process and documentation requirements for availing various incentives

Process Improvement

- The Commercial Tax Department in Karnataka has undertaken many e-initiatives leveraging information technology for improving tax administration aimed at increasing transparency, bringing down cost, removing unnecessary interfaces etc. Some of its initiatives include: e-Vardan which involves online filing, processing and registration. An applicant can fill the application form and upload it along with supporting documents on the website. The application fee is also paid online. Inspector fixes date of inspection which is updated online. After approval, Tax Identification Number (TIN) and registration certificate can be downloaded online by the dealer. Tax payment is online for amounts above Rs. 10,000.
- Some of the states like Gujarat, Andhra Pradesh and Tamil Nadu have operationalized online platforms (Gujarat - <http://103.11.117.142/IC/home.aspx>, Tamil Nadu - http://www.msmeonline.tn.gov.in/subsidy/capital_subsidyfiling.php, Andhra Pradesh - <http://em.apindustries.gov.in/>) where industries can apply for sanction of specific incentives/ subsidies like capital subsidy, interest subsidy etc. These portals also provide facility for tracking of status of incentive related applications; which reduces the number of visits required to be made to the concerned Government departments.
- In Haryana application for state VAT registration can be made to District level Assessing Authority with the complete process taking about a week

Recommendations

While a large number of states have leveraged information technology to streamline their processes for registration and payment of state level taxes, timely receipt of incentives emerges as a key opportunity for improvement for most states. For streamlining the procedures states may consider the following:

- Standardization and simplification of checklists, especially for states placed in bottom 33.33 percentile, taking into account local business environment of the state and dissemination of the same through websites/ brochures/ helpline number/ industry association
 - Finalize the checklist of documents needed for availing incentives based on consultation with the industries/ industry associations
- Implement an online monitoring mechanism/ status checking facility for incentives

¹ Based on interaction with industry associations and industries in Jammu & Kashmir, we understand that most of the industrial units in the state are exempted from VAT

4. Labour Law Related Compliances

Labour Law related compliances

Labour law related compliances cover the following:

- Time taken and effectiveness of process for initial registration by manufacturing units under Factories Act for obtaining factory license and subsequent renewal.
- Time taken and effectiveness of process for compliance related to other Labour Laws like Employee State Insurance Act, Contract Labour (Regulation & Abolition) Act, Payment of Wages Act, etc. applicable in respective states

Top 33.33 percentile States

10 states viz. Andhra Pradesh, Haryana, Karnataka, Madhya Pradesh, Manipur, Mizoram, Nagaland, Punjab, Rajasthan and Uttar Pradesh feature in this category (please refer table below)

State	Factories Act & Other Labour Law related Compliances	
	Time	Process
Andhra Pradesh	●	●
Haryana	●	●
Karnataka	●	●
Madhya Pradesh	●	●
Manipur	●	●
Mizoram	●	●
Nagaland	●	●
Punjab	●	●
Rajasthan	●	●
Uttar Pradesh	●	●

Rating on 5 point scale ● Rating > 3.5 ● 1.5 < Rating <= 3.5 ● Rating <= 1.5

Key characteristics of states placed in top 33.33 percentile:

- Online or manual process for registration/ renewal of license related to Factories Act with positive user experience, with the period for registration and renewal being around a month for most states
- Most states perceived the inspection processes to be standard and based on objective measures

- While states like Haryana, Karnataka, Rajasthan and Uttar Pradesh have an online process for registration/ renewal of license related to Factories Act; other states in this category have a manual process. Majority of the respondents in all the states placed in this category were satisfied with the process involved for registration/ renewal of license related to Factories Act.

While it takes up-to a month for registration/ renewal of license related to Factories Act in states like Haryana, Madhya Pradesh, Mizoram, Nagaland, Punjab, Uttar Pradesh and Manipur, it takes more than a month in Andhra Pradesh, Karnataka and Rajasthan. While respondents in other states indicated that they were satisfied with the time taken for registration/ renewal of factory license, most respondents from Karnataka expressed that they were not satisfied with the time taken.

Feedback from the industry associations and industry in Rajasthan and Karnataka indicated that time taken for the mandatory inspection to be conducted before issuing/ renewal of licence was not reasonable.

- Majority of the respondents across the states in this category with the exception of Karnataka, Rajasthan and Uttar Pradesh were satisfied with the time taken in complying with other labour laws applicable in the respective states.

Feedback from the industry associations and industry in Karnataka and Rajasthan indicated that the key issues include multiplicity of inspections, criteria of inspection not being objective and significant amount of time required for ensuring compliance due to duplicity of documentations/ excessive documentations requirements

Middle 33.33 percentile States

8 states viz. Arunachal Pradesh, Chhattisgarh, Himachal Pradesh, Jammu & Kashmir, Meghalaya, Odisha, Tripura and West Bengal feature in this category (please refer table below)

State	Factories Act & Other Labour Law related Compliances	
	Time	Process
Arunachal Pradesh	●	●
Chhattisgarh	●	●
Himachal Pradesh	●	●
Jammu & Kashmir	●	●
Meghalaya	●	●
Odisha	●	●
Tripura	●	●
West Bengal	●	●

Rating on 5 point scale ● Rating > 3.5 ● 1.5 < Rating <= 3.5 ● Rating <= 1.5

Key characteristics of states placed in middle 33.33 percentile:

- Manual process for registration/ renewal of license related to Factories Act, with the average time taken for registration or renewal of license ranging between 1-2 months for most states
- Most states perceived the inspection processes to be standard and based on objective measures

- Except West Bengal which has a partly automated process, all other states placed in this category viz. Arunachal Pradesh, Chhattisgarh, Himachal Pradesh, Jammu and Kashmir,

Meghalaya, Odisha and Tripura have a manual processes for registration/ renewal of license related to Factories Act. Majority of the respondents in all the states placed in this category were satisfied with the process involved for registration/ renewal of license related to Factories Act.

Feedback from industry associations and industry in West Bengal indicated that key reason for respondents, especially micro & small enterprises not being satisfied was on account of complex documentation requirements for obtaining the license.

- While it takes on an average less than a month for registration/ renewal of license related to Factories Act in Jammu & Kashmir and Meghalaya, 1-2 month in Chhattisgarh, Himachal Pradesh, Odisha and Tripura, it takes around 70 days in West Bengal and around 65 days in Arunachal Pradesh.

Feedback from industry associations and industries in West Bengal indicated that the delay was primarily on account of multiple visits required to be made to the concerned department for follow up.

- Majority of the respondents in Arunachal Pradesh, Chhattisgarh, Himachal Pradesh, Jammu & Kashmir, Odisha, Tripura and West Bengal were satisfied with the time taken in complying with the other labour laws applicable in the respective states

Bottom 33.33 percentile States

9 states viz. Assam, Bihar, Goa, Gujarat, Jharkhand, Kerala, Maharashtra, Tamil Nadu and Uttarakhand feature in this category (please refer table below)

State	Factories Act & Other Labour Law related Compliances	
	Time	Process
Assam	●	●
Bihar	●	●
Goa	●	●
Gujarat	●	●
Jharkhand	●	●
Kerala	●	●
Maharashtra	●	●
Tamil Nadu	●	●
Uttarakhand	●	●

Rating on 5 point scale ● Rating > 3.5 ● 1.5 < Rating <= 3.5 ● Rating <= 1.5

Key characteristics of states placed in bottom 33.33 percentile:

- Manual process for registration/ renewal of license related to Factories Act, with the average time for registration / renewal of license being around 1.5 to 3 months for most states
- There was an equal mix of states where the inspection processes were perceived to be standard and based on objective measures vis-a-vis those where majority of the users had adverse feedback on inspections

- All the states placed in this category have manual processes for registration/ renewal of license related to Factories Act. Majority of the respondents in all the states placed in this category except Jharkhand, Maharashtra and Tamil Nadu were satisfied with the process involved for registration/ renewal of license related to Factories Act.
 - Feedback from industry associations and industry in Maharashtra indicated that entrepreneurs especially from micro and small sector were not satisfied with the process for registering for/ renewing factory license primarily on account of complex documentation required for obtaining approvals
 - Feedback from industry associations and industries in Jharkhand and Tamil Nadu indicated that the key reason for most respondents not being satisfied with the process for registering for/ renewing factory license was mainly on account of inspections not being based on standard objective procedures
- While it takes on an average 1.5 to 3 months for registration/ renewal of license related to Factories Act in Bihar, Goa, Gujarat, Kerala, and Tamil Nadu; it takes less than 1.5 months in Uttarakhand, more than 3 months in Maharashtra & Assam and around 7 months in Jharkhand. Almost all the respondents in Jharkhand, Maharashtra, Tamil Nadu and Kerala expressed that they were not satisfied with the time taken for registration/ renewal of factory license.
 - Feedback from industry associations and industries in these states indicated that the delay in issuing factory license was primarily on account of time taken for the mandatory inspection to be conducted before issuing/ renewal of licence
- Majority of the respondents in all the states placed in this category were satisfied with the time taken in complying with other labour laws applicable in the respective states except Assam, Jharkhand, Tamil Nadu and Uttarakhand
 - Feedback from industry associations and industries in Assam indicated that majority of the small and micro units were not satisfied with the inspections conducted under the various labour laws, as they were not based on standard objective procedures. Further it was indicated that all the industrial units in the State are mandatorily required to employ 90% of their total workforce from within the State, which becomes difficult in the absence of skilled manpower.
 - Feedback from industry associations in Jharkhand and Tamil Nadu indicated that time taken for preparation of documents/ registers related to labour law related compliances was high and inspection process not based on objective and well defined procedures
 - The interactions with industry & industry associations in Uttarakhand indicated that the low satisfaction was primarily on account of large number of forms/ registers to be filled and complex documentation requirements.

Innovative / Good Practices

A number of innovative / good practices were observed in areas like awareness generation & information sharing, online services for registrations/ renewals, engaging empanelled agencies for the inspection process, some of which have been highlighted below:

Information dissemination on Labour compliance

- West Bengal provides simplified information and FAQs for various labour laws as part of the website of the Department of Micro & Small Scale Enterprises: myenterprise.wb.gov.in

Process Improvement

- Many states have developed a portal for providing online services for various labour law compliances. some of these include:
 - Haryana State Labour Department has developed a portal for providing online services (<http://hrylabour.gov.in/>). It provides online services like registration/ renewal under factories act.
 - In Rajasthan registration under Factories Act is covered under the single window mechanism of the state and applications can be made online through the single window clearance portal (<http://bipraj.raj.nic.in/Default.aspx>)
 - The Labour Commissioner Organization in Uttar Pradesh provides facilities for Online registration/ renewal under factories act and status check for applicants

(<http://labour.up.nic.in/labourcommissioner/>)

- Some of the states have engaged reputed third party service providers for conducting onsite inspections. For example, Directorate of Boilers in Punjab has mandated a reputed third party service provider as the inspecting authority to expedite the inspection process for awarding/ renewing boiler licenses. The third party service provider works under the supervision of the Directorate and adheres to service levels specified by them. Following their appointment, we understand, based on feedback from Industry Associations, the average time for inspection has reduced by about 50%.

Recommendations

While a large number of states have leveraged information technology to streamline their processes for registration/ renewal of licenses required under various labour laws, conducting timely inspections and streamlining the documentation requirements for compliance with the laws emerges as a key opportunity for improvement for most states. For standardizing and streamlining the procedures, states may consider the following:

- Develop standardized formats for minimizing the number of returns required to be submitted for compliance & to avoid duplicity of documentations
- With the objective of reducing procedural delays on account of limited capacity of the concerned departments/ agencies, states may consider empanelment of certified third party service providers to conduct the inspection process on behalf of the department
- Develop and document standard operating procedures for inspection process to increase transparency and efficiency of the process and sharing the same with industries through the department's website and circulation to industry associations
- Implementing IT based online system for registration/ renewal under factories act, especially for the states placed in the middle and bottom 33.33 percentile along with a tracking mechanism through which both department as well as applicants can track the status of processing of the application

5. Infrastructure & Utilities Related Approvals

Infrastructure & Utilities Related Approvals

Infrastructure & Utilities related approvals cover the following:

- Time taken and effectiveness of process for obtaining a new power connection
- Time taken and effectiveness of process for obtaining a new water connection
- Time taken and effectiveness of process for obtaining and renewing Fire No objection Certificate (NOC) and license

Top 33.33 percentile States

9 states viz. Chhattisgarh, Gujarat, Haryana, Madhya Pradesh, Maharashtra, Nagaland, Rajasthan, Tamil Nadu and Uttarakhand feature in this category (please refer table below)

State	Power Connection (PC)			Water Connection (WC)			Fire NOC		
	Time	Process	P C Score	Time	Process	W C Score	Time	Process	Fire NOC Score
Chhattisgarh	●	●	●	●	●	●	NA	NA	NA
Gujarat	●	●	●	●	●	●	●	●	●
Haryana	●	●	●	●	●	●	●	●	●
Madhya Pradesh	●	●	●	NA	NA	NA	●	●	●
Maharashtra	●	●	●	●	●	●	●	●	●
Nagaland	●	●	●	NA	NA	NA	●	●	●
Rajasthan	●	●	●	●	●	●	●	●	●
Tamil Nadu	●	●	●	NA	NA	NA	●	●	●
Uttarakhand	●	●	●	●	●	●	●	●	●

Rating on 5 point scale ● Rating > 3.5 ● 1.5 < Rating <= 3.5 ● Rating <= 1.5

Key characteristics of states placed in top 33.33 percentile:

- IT enabled system & streamlined processes for obtaining a utility connection; resulting in positive user experience
- Average time taken for power connection is less than 3 months for most states, whereas for water connection and fire license it is less than 1.5 months
- Most of the states in this category have well-defined procedures and clearly laid down processes for obtaining a power connection. All states placed in this category, except Nagaland and Tamil Nadu, have implemented an online application system for obtaining a new power connection with the feature for checking the status of application by the applicant.
- It takes, on an average, less than 3 months to obtain a power connection in the states placed in this category, except for Uttarakhand and Nagaland where the average time taken is around 3-5 months.
- Majority of the respondents were satisfied with the time taken and process involved in obtaining a power connection except in Maharashtra where the satisfaction levels were relatively low.

- Feedback from industry associations in Maharashtra indicated that the awareness & usage of the online application system was relatively low and the industries directly approach the concerned departments/ DICs for power connections
- Feedback from respondents in Nagaland indicated that the delay in obtaining a new power connection is primarily due to the time taken in getting the required load sanction on account of it being a power deficit state.
- Only Gujarat, Haryana and Maharashtra have implemented an online system for obtaining a new water connection. Majority of the respondents from these states except Maharashtra expressed satisfaction with the process of obtaining a water connection.
- The average time taken for obtaining a water connection for states placed in this category was less than 1.5 months. While most states take less than 45 days to issue a new water connection, it takes around 3 months in Maharashtra. Majority of respondents from these states except Maharashtra expressed satisfaction on the time taken to obtain a water connection.
- Respondents in Madhya Pradesh, Tamil Nadu and Nagaland have indicated that in absence of water distribution facilities at the location of their manufacturing units, most units had to rely on making their own arrangements for boring/ laying pipelines for drawing water.
- Only Maharashtra has an online application system for obtaining/ renewal of fire NoC. Majority of the respondents across the states except Haryana expressed satisfaction on the process involved in obtaining/ renewing fire license/ NOC. Feedback from industry associations in Haryana indicated that the process for obtaining/ renewing fire license/ NOC was not based on standard objective procedures
- On an average, it takes less than 45 days to get a fire NOC & license in most states in this category except in Maharashtra where it takes about 2 months. Feedback from industry associations and industries in Maharashtra indicated that the delay was primarily on account of manual processes being used for applications by most manufacturing units as the level of awareness on the online system and its usage was limited.
- Feedback from industry associations in Chhattisgarh indicated low awareness among manufacturing units about requirement for fire NoC and license

Middle 33.33 percentile States

10 states viz. Andhra Pradesh, Arunachal Pradesh, Bihar, Himachal Pradesh, Jammu & Kashmir, Kerala, Meghalaya, Mizoram, Odisha and Punjab feature in this category (please refer table below)

State	Power Connection (PC)			Water Connection (WC)			Fire NOC		
	Time	Process	P C Score	Time	Process	W C Score	Time	Process	Fire NOC Score
Andhra Pradesh	●	●	●	●	●	●	●	●	●
Arunachal Pradesh	●	●	●	●	●	●	●	●	●
Bihar	●	●	●	●	●	●	●	●	●
Himachal Pradesh	●	●	●	●	●	●	●	●	●
Jammu and Kashmir	●	●	●	●	●	●	●	●	●
Kerala	●	●	●	●	●	●	●	●	●
Meghalaya	●	●	●	●	●	●	●	●	●
Mizoram	●	●	●	●	●	●	NA	NA	NA
Odisha	●	●	●	●	●	●	●	●	●
Punjab	●	●	●	●	●	●	●	●	●

Rating on 5 point scale ● Rating > 3.5 ● 1.5 < Rating <= 3.5 ● Rating <= 1.5

Key characteristics of states placed in middle 33.33 percentile:

- Manual application process for obtaining a utility connection
 - Average time taken for power connection ranges from 2-4 months for most states, whereas for water connection and fire license it is less than 2 months and up to 1.5 months respectively
- All states placed in this category have a manual process for obtaining a new power connection. It takes an average of 2-4 months to obtain a new power connection except in Kerala where the time taken was around 45 days and Meghalaya & Jammu & Kashmir where it takes more than 9 months.
 - Majority of the respondents indicated low satisfaction levels for the process involved for obtaining a power connection except for Kerala, Arunachal Pradesh, Bihar, Mizoram and Odisha. The key constraints highlighted by respondents include (i) multiple visits required to be made to the concerned departments and (ii) absence of clearly laid out process for availing the approvals.
 - Respondents from power deficit states like Jammu & Kashmir indicated delays on account of load factor which was dependent on, availability of power in the state. Feedback from respondents in Meghalaya and Punjab indicated that multiple visits to concerned department were required for obtaining a power connection.
 - All states in this category except Odisha follow a manual process for issuing new water connections. Odisha has an online application facility for obtaining a new water connection. Majority of the respondents were satisfied with the process of obtaining a water connection.
 - On an average, it takes less than 2 months to get a water connection except in Arunachal Pradesh where it takes more than 2 months. Majority of respondents from Arunachal Pradesh, Kerala and Mizoram expressed low satisfaction for time taken to get new water connection.
 - States in this category have a manual process for issuing fire license/ NOC with the exception of Andhra Pradesh which has an online system for tracking status of application for obtaining/ renewal of fire NOC. On an average, it takes around 1.5 months to obtain a fire NOC in the states in this category. Majority of the respondents expressed satisfaction with the time taken & process involved for obtaining fire NOC.
 - Feedback from industry associations indicated low awareness among industries in Mizoram about requirement for fire NoC and license.

Bottom 33.33 percentile States

9 states viz. Assam, Goa, Jharkhand, Karnataka, Manipur, Sikkim, Tripura, Uttar Pradesh and West Bengal feature in this category (please refer table below)

State	Power Connection (PC)			Water Connection (WC)			Fire NOC		
	Time	Process	P.C Score	Time	Process	W.C Score	Time	Process	Fire NOC Score
Assam	●	●	●	●	●	●	●	●	●
Goa	●	●	●	●	●	●	●	●	●
Jharkhand	●	●	●	●	●	●	●	●	●
Karnataka	●	●	●	●	●	●	●	●	●
Manipur	●	●	●	NA	NA	NA	NA	NA	NA
Sikkim	●	●	●	●	●	●	●	●	●
Tripura	●	●	●	●	●	●	●	●	●
Uttar Pradesh	●	●	●	●	●	●	●	●	●
West Bengal	●	●	●	●	●	●	●	●	●

Rating on 5 point scale ● Rating > 3.5 ● 1.5 < Rating <= 3.5 ● Rating <= 1.5

Key characteristics of states placed in bottom 33.33 percentile:

- Manual application process for obtaining a utility connection; relatively lower satisfaction levels on experience in obtaining new utility connections
- Average time taken for power connection is greater than 3 months for most states, whereas for water connection and fire license it ranges from 1-4 months and 1-2 months respectively

- All the states placed in this category have manual processes for obtaining power connection with exception of Uttar Pradesh which has an online application system with feature for tracking application status. Majority respondents across the states in this category except West Bengal expressed low satisfaction on the process involved in obtaining a new power connection. Feedback from industry associations and manufacturing units from states in this category highlighted the following key constraints: (a) multiple visits required to be made to the concerned departments for obtaining a new power connection, (b) lack of clearly laid down procedures, (c) complex documentation requirements and (d) lack of objectivity in inspection process.
- It takes more than 3 months to obtain a power connection in the states in this category. While for Karnataka, West Bengal and Sikkim the average time taken is around 2-3 months, it was more than 6 months for Manipur. Respondents from all the states in this category indicated low satisfaction with the time taken to get a power connection.
- None of the states except Karnataka has an online application system for obtaining a water connection. Majority of the respondents from other states except Assam, Tripura, Sikkim and West Bengal expressed low satisfaction for the process of obtaining a water connection. Feedback from industry associations from Goa, Karnataka, Jharkhand and Uttar Pradesh highlighted the following key constraints (a) multiple visits required to be made to the concerned departments for obtaining a new connection and (b) complex documentation requirements
- It takes around 1-4 months to obtain a water connection in the states in this category except Tripura where the average time taken was less than a month.
- Most of the states in this category follow a manual process for applying for renewing fire license/ NOC. On an average, it takes about 1-2 months to get a fire license/ NOC except in Assam and Sikkim where it is less than a month. However, it takes more than 2 months in West Bengal & Jharkhand to obtain/ renew fire license/ NOC. Majority of the respondents expressed low satisfaction on the time taken to issue a fire license/ NOC in all the states except Assam, Goa and Sikkim.

Feedback from industry associations indicated that the delays can primarily be attributed to multiple visits having to be made to the concerned department to obtain the fire license/ NOC.

Innovative / Good Practices

A number of innovative/ good practices were observed related to this parameter in areas like policy and institutional mechanisms. Key innovative/ good practices are highlighted below:

Policy

- Some of the states have made provisions for reservation of utilities for industries. For example, recognizing that water is a key requirement for industries, states like Andhra Pradesh have a policy for reserving a certain percentage of water from all water sources to be made available for industrial use. For purpose of improving maintenance of civic services in Industrial estates/ areas, some states have given the responsibility of providing and maintaining civic services like water & sewerage to local organizations. For example in case of Andhra Pradesh, organizations like Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) have been given local authority status, through amendment of Municipal Act. APIIC Industrial Area Local Authority (IALA) collects property tax from estate occupants and remits 35% of the property tax collected to the respective local bodies with the balance being ploughed back for park maintenance / augmenting amenities. Further, there exists a concept of “self-governance” in some of the notified APIIC-IALA Industrial areas wherein the entrepreneurs have formed service societies and are responsible for collection of property tax and maintenance of civic services like power, water & sewerage.

Process Improvement

- Some states provide online information regarding availability of land in state owned industrial estates, availability of water, power etc. For example:
 - iNDEXTb (nodal agency under the Industries Commissionerate, Government of Gujarat) provides hand-holding support to entrepreneurs, including helping them finalize location choices by providing information and access to 3 key basic amenities i.e., land, power and water. The IFP portal is available for MSMEs as well as large enterprises across all sectors including setting up new industries as well as for expansion purpose.
- MIDC’s online single window portal provides MIDC services ranging from the land department to fire, water, power, drainage, SPA, technical advisory and IT Special Economic Zones.

Recommendations

While a large number of states have leveraged information technology to streamline their processes for application for utility connections and fire licenses, policy changes on decentralizing power to issue new connection and standardization of procedures involved in processing applications emerge as a key opportunity for improvement for most states. For streamlining the procedures the states may consider the following:

- Empower state managed industrial estates with the responsibility of providing power, water and sewerage connection related approvals which may lead to lesser time for getting clearances
- States placed in middle and bottom 33.33 percentile, may consider developing online systems for receiving applications and tracking processing of applications for obtaining water, power connections and fire license/ NOC

6. Land & Building Related Approvals

Land & Building Related Approvals

Land and building related approvals cover the following:

- Time taken and effectiveness of process for land allotment in state managed Industrial Estates/ land from Government agencies
- Time taken and effectiveness of process for change of land end use
- Time taken and effectiveness of process for building plan approvals

Top 33.33 percentile States

9 states viz. Andhra Pradesh, Gujarat, Madhya Pradesh, Nagaland, Rajasthan, Tamil Nadu, Tripura, Uttarakhand and West Bengal feature in this category (please refer table below)

State	Industrial Estates (IE)			Land Conversion (LC)			Building Plan Approval (BPA)		
	Time	Process	IE Score	Time	Process	LC Score	Time	Process	BPA Score
Andhra Pradesh	●	●	●	●	●	●	●	●	●
Gujarat	●	●	●	●	●	●	●	●	●
Madhya Pradesh	●	●	●	●	●	●	●	●	●
Nagaland	●	●	●	NA	NA	NA	●	●	●
Rajasthan	●	●	●	●	●	●	●	●	●
Tamil Nadu	NA	NA	NA	NA	NA	NA	●	●	●
Tripura	●	●	●	NA	NA	NA	●	●	●
Uttarakhand	●	●	●	NA	NA	NA	●	●	●
West Bengal	●	●	●	●	●	●	●	●	●

Rating on 5 point scale ● Rating > 3.5 ● 1.5 < Rating <= 3.5 ● Rating <= 1.5

Key characteristics of states placed in top 33.33 percentile:

- Online application system for land allotment in state managed industrial estates with the facility for tracking application status in some of the states; Average time taken for land allotment ranges from 1-3 months for most states
- Average time taken for land end use conversion ranges between 3-5 months
- Online system for building plan approval along with facility for online tracking of status of application in most states; Average time taken is less than 2 months for most states

- Andhra Pradesh, Gujarat, Rajasthan and Uttarakhand have online systems for allocation of land in state managed industrial estates. The system also provides the facility to check the status of the application online. Majority of the respondents from states in this category expressed satisfaction with the process of obtaining land in industrial estates.
- The average time taken for allotting land in industrial estates for states placed in this category was about 1-3 months except around 3-5 months in Gujarat, Uttarakhand & Rajasthan. Majority of the

respondents were satisfied with the time taken for obtaining land in industrial estates except in Gujarat and Rajasthan where the respondents expressed low satisfaction.

- Feedback from industry associations in Gujarat indicated that applicants were required to submit hard copies to the concerned agency even after submitting their application online.
 - Further, industry associations in Gujarat and Rajasthan stated that multiple visits to the concerned department/ agency were required
 - Feedback from industry associations in Tamil Nadu ²indicated that the time taken for land allotment in state managed industrial estates is around 3 months.
- The process of application for change of land end use was manual in all the states placed in this category. However, majority of the respondents were satisfied with the process except those from Gujarat and West Bengal where the satisfaction level was low. Feedback from industry and industry associations in Gujarat and West Bengal indicated that multiple follow-ups and visits to the concerned departments were required for obtaining the change of land end use certificate.
 - Conversion of land for industrial use takes on an average is around 1.5 months in Madhya Pradesh, 3-5 months in Andhra Pradesh & Gujarat and more than 6 months in Rajasthan and West Bengal. Majority of the respondents in Rajasthan and West Bengal expressed low satisfaction with the time taken on account of multiple visits required to be made by applicants.
 - Feedback from industry associations in Tamil Nadu indicated that the time taken for conversion of land for industrial use is about 4-6 months.
 - Almost all respondents from Uttarakhand indicated that most of the manufacturing units, especially MSMEs had availed land in industrial estates and so had no experience on land end use conversion in the state. Similarly, almost all respondents from Tripura and Nagaland indicated that they had either taken land in industrial estates or had not applied for land end use conversion while setting up units on their own privately held land, consequently, they too had no experience with the land end use conversion process in these states.
 - All the states placed in this category, except Andhra Pradesh, Nagaland and Uttarakhand, have facility for online building plan approval along with the facility to track the application status. Majority of the respondents across the states in this category expressed satisfaction with the process of obtaining building plan approvals.
 - It takes less than 2 months to get building plan approvals and majority of the respondents across the states in this category expressed satisfaction with the time taken for obtaining the approvals.

Middle 33.33 percentile States

10 states viz. Arunachal Pradesh, Bihar, Chhattisgarh, Haryana, Jammu & Kashmir, Kerala, Meghalaya, Mizoram, Odisha and Sikkim feature in this category (please refer table below)

² Respondents from Tamil Nadu were not located on Industrial Estates and did not respond to the related question in the questionnaire

State	Industrial Estates (IE)			Land Conversion (LC)			Building Plan Approval (BPA)		
	Time	Process	IE Score	Time	Process	LC Score	Time	Process	BPA Score
Arunachal Pradesh	NA	NA	NA	NA	NA	NA	●	●	●
Bihar	●	●	●	●	●	●	●	●	●
Chhattisgarh	●	●	●	●	●	●	●	●	●
Haryana	●	●	●	●	●	●	●	●	●
Jammu and Kashmir	●	●	●	NA	NA	NA	●	●	●
Kerala	NA	NA	NA	●	●	●	●	●	●
Meghalaya	●	●	●	NA	NA	NA	NA	NA	NA
Mizoram	●	●	●	NA	NA	NA	●	●	●
Odisha	●	●	●	NA	NA	NA	●	●	●
Sikkim	●	●	●	NA	NA	NA	●	●	●

Rating on 5 point scale ● Rating > 3.5 ● 1.5 < Rating <= 3.5 ● Rating <= 1.5

Key characteristics of states placed in middle 33.33 percentile:

- Manual processes for land allotment in state managed industrial estates; Average time taken for land allotment ranges between 2.5-4 months for most states
- Average time taken for land end use conversion is around 5-6 months
- Online system for building plan approval along with facility to track the status of application online in some of the states; Average time taken was around 1-2 months in most states

- All the states placed in this category have manual processes for allotting land in state managed industrial estates. However, majority of the respondents across the states in this category expressed satisfaction with the process of allotment of land in the industrial estates.
- The average time taken for obtaining land in industrial estates for states placed in this category was around 2.5-4 months except in Bihar and Odisha where the average time was around 5-6 months.
 - Feedback from industry associations in Bihar indicated that multiple visits to the concerned department were required & documentation requirements are complex.
 - Feedback from industries and industry associations in Odisha indicated that there was limited vacancy in most industrial estates. Further, they also stated that multiple follow-ups & visits were required by the applicants and the level of transparency in land allotment procedures need to be increased.
- The process for land end use conversion is manual in all states in this category. Majority of the respondents across the states were satisfied with the process of land end use conversion except respondents from Chhattisgarh and Haryana where the satisfaction was low.
 - Feedback from industries & industry associations in Chhattisgarh indicated that the process of land end use conversion was not perceived to be based on clearly laid down guidelines.

- Feedback from industry associations in Haryana indicated that multiple visits were required to be made to the concerned department for land end use conversion
- The average time taken for land end use conversion in the states in this category is around 5-6 months except in Haryana where it takes around 8-9 months to get a land end use conversion certificate. Further, average time taken is less than 3 months in Bihar and Kerala. However, majority of the respondents from these states indicated that they were not satisfied with the time taken for land end use conversion.

Majority of the respondents from Jammu Kashmir and Odisha especially those belonging to micro and small sector had units in industrial estates and did not have any experience with the land end use conversion process. Feedback from industry associations in Odisha indicated that land end use conversion usually takes around 6 months.

Feedback from respondents from Arunachal Pradesh, Meghalaya, Mizoram and Sikkim indicated that most of them belonging to micro & small sector had either taken land in industrial estates or had not applied for land end use conversion while setting up units on their own privately held land. Consequently, they too had no experience with the land end use conversion process in these states.

- Chhattisgarh, Haryana and Odisha have online building plan approval systems along with the facility to track the application status. Majority of the respondents in the states in this category expressed satisfaction with the process of obtaining building plan approvals.
- The average time taken to obtain building plan approvals was around 2 months in most states in this category except Bihar where it takes on an average about 3 months to get a building plan approval. However, average time taken was less than a month in Sikkim. Majority respondents from states in this category except Kerala expressed satisfaction with the time taken to obtain building plan approvals. Feedback from industry associations and industries indicated that multiple visits for follow-up were required to be made by the entrepreneur for obtaining building plan approvals.

Bottom 33.33 percentile States

9 states viz. Assam, Goa, Himachal Pradesh, Jharkhand, Karnataka, Maharashtra, Manipur, Punjab and Uttar Pradesh feature in this category (please refer table below)

State	Industrial Estates (IE)			Land Conversion (LC)			Building Plan Approval (BPA)		
	Time	Process	IE Score	Time	Process	LC Score	Time	Process	BPA Score
Assam	●	●	●	●	●	●	●	●	●
Goa	●	●	●	NA	NA	NA	●	●	●
Himachal Pradesh	●	●	●	●	●	●	●	●	●
Jharkhand	●	●	●	NA	NA	NA	NA	NA	NA
Karnataka	●	●	●	●	●	●	●	●	●
Maharashtra	●	●	●	●	●	●	●	●	●
Manipur	●	●	●	NA	NA	NA	●	●	●
Punjab	●	●	●	●	●	●	●	●	●
Uttar Pradesh	●	●	●	●	●	●	●	●	●

Rating on 5 point scale ● Rating > 3.5 ● 1.5 < Rating <= 3.5 ● Rating <= 1.5

Key characteristics of states placed in bottom 33.33 percentile:

- Manual processes for obtaining land in state managed industrial estates. Average time taken for land allotment was more than 6 months for most states
- Average time taken for land end use conversion is more than 6 months
- Manual processes for obtaining building plan approvals in most of the states

- Except Maharashtra, all the states placed in this category have manual processes for application of land allotment in industrial estates. Majority of the respondents except those from Jharkhand expressed that they were not satisfied with the process involved in obtaining land in industrial estates.
 - Feedback from industry associations in Maharashtra indicated that the awareness & usage of the online application system was relatively low and the industries directly approach the concerned departments/ DICs while applying for land allotment
- The average time taken for obtaining land allotment in these states was more than 6 months except in Goa (around 100 days) and Punjab (around 130 days). Majority of the respondents from other states except Jharkhand expressed low satisfaction on the time taken for obtaining land allotments.
- Feedback from industries and industry associations across states in this category indicated that the key constraints in obtaining timely land allotments include (i) limited availability of land with the state government, (ii) multiplicity of visits required to be made to the concerned department/ agency, (iii) lack of clearly laid down processes for land allotment and (iv) complex documentation requirements
- The process for land end use conversion is manual in all the states in this category. Majority of the respondents across states except Uttar Pradesh expressed low satisfaction with the process. Feedback from industries and industry associations indicated that key issues impacting the process included multiple visits required to be made to the concerned departments and the process for land end use conversion did not appear to be based on clearly laid down procedures.
- The average time taken for land end use conversion in the states in this category is more than 6 months except in Himachal Pradesh and Karnataka where it takes around 4-5 months. Majority of the respondents across the states except Uttar Pradesh were not satisfied with the time taken.
- Karnataka and Maharashtra have online systems for obtaining building plan approvals. Himachal Pradesh has provision for checking the status of the application based on the application number provided by the concerned agency at the time of submitting the application. Majority of the respondents across these states except Punjab and Uttar Pradesh were not satisfied with the process for obtaining building plan approvals. Feedback from industry associations in Maharashtra indicated that the usage of the online system was low, especially among MSMEs who directly visit the concerned department for approving their building plans.
- The average time taken for obtaining building plan approvals in the states in this category is around 2-3 months, however, approvals in Punjab and Goa take around 30 days and it takes more than 3 months in Assam, Himachal Pradesh and Manipur. Majority of the respondents across states except those from Punjab, Goa and Uttar Pradesh were not satisfied with the time taken for obtaining building plan approval.
 - Feedback from industries and industry associations in the states in this category highlight key constraints as (i) dependence on other clearances for obtaining building plan approvals (ii) multiple visits to Town and Country Planning department and (iii) lack of clearly defined processes for obtaining building plan approvals.

Innovative/ Good Practices

A number of innovative/ good practices were observed related in areas like streamlining processes, policies and facilitation services, some of which have been highlighted below:

Process improvement for greater transparency and efficiency

- Some of the states have developed GIS based software which shows mapping of land plots in industrial estates. The real time vacancy details can be checked by applicants and the applicants can select plots based on analysis of such location. For example, iNDEXTb (in Gujarat) has a GIS based software which shows the geographic mapping of industrial areas in Gujarat including highways, GPCB zones, CRZs, port connectivity, soil quality, power and utilities grid connectivity etc. For large projects, with land requirement of more than 200 ha, entrepreneurs are shown the location of the land in the GIS system to facilitate them in understanding locational feasibility and making a choice for setting up the project. Similarly, details of land banks under Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) have been made available online. Industrial Park (IP) wise information of these land parcels including size & land rates are available along with the proposed use of the IP. The entrepreneur can apply online for getting land and is issued a time-stamped acknowledgement
- Some of the states have empanelled architects to grant approval to building plans up to a certain area with an objective of complementing the limited capacities of the ULBs.

Facilitation for development of industrial estates

- Some states have schemes for creating land banks for industrial estates by providing incentives to land owners. For example, 'Land Pooling Scheme' has been notified by the Government of Haryana, whereby landowners are given an option to opt for developed land measuring 1,200 square yards for each acre of land proposed to be acquired (in lieu of the compensation package and all other benefits admissible under the R&R Policy of the Government). This way, landowners are given an option to become partners in the development process. Similarly, "Aao Bihar" scheme has been developed by Government of Bihar wherein land owners willing to sell their land can register with the Government, and as and when an investor requests for land, the government will connect the investor with the land owner (Government will reimburse up-to 30% of the cost of developing the park, including the cost of land and infrastructure).

Policy

- Some of the states like Odisha & Chhattisgarh, have made provisions for mandatorily allocating land for MSMEs and downstream industries in industrial areas with the objective of promoting MSMEs
- The Andhra Pradesh Agricultural Land (Conversion for Non-agricultural purposes) Act, 2006, makes it compulsory to acquire prior permission for putting agricultural land to non-agricultural usage. Permission is deemed to be granted if nothing to the contrary is intimated within 60 days of receipt of request.

Recommendations

While a large number of states have leveraged information technology to streamline their processes for allotting land in state managed industrial estates and building plan approvals, standardization of procedures involved in obtaining land, land end use conversion & building plan approvals emerge as a key opportunity for improvement in most states. For streamlining the procedures states may consider the following:

- Increase the efficiency of land allotment process in industrial estates by adopting an IT/ GIS enabled land application and allotment system which enables sharing of information on land availability on a real time basis in a transparent manner

- States may consider development of guidelines for management of industrial estates including allotment, transfer, leasing of plots and all related processes & procedures for the State Development Agency and the applicant/allottee of plots, which may be shared with industries transparently.
- With the objective of reducing procedural delays on account of limited capacity of local bodies granting building plan approval, states may consider empanelment of architects to grant approval to building plans up to a prescribed area
- For states placed in category 2 and 3, local bodies may consider streamlining of building approval processes and adopt IT based systems for reducing the time taken for processing approvals

7. Environment Clearances

Environmental Clearances

Environmental clearances have covered the following:

- i. Time taken and effectiveness of process for obtaining Consent to Establish (CTE) which is required before establishment of the manufacturing unit
- ii. Time taken and effectiveness of process for obtaining Consent to Operate (CTO) which is required before actual commencement of production and its subsequent renewals

Top 33.33 percentile States

9 states viz. Bihar, Chhattisgarh, Haryana, Himachal Pradesh, Karnataka, Kerala, Maharashtra, Odisha and Tamil Nadu feature in this category (please refer table below).

State	Consent to Establish (CTE)			Consent to Operate (CTO)		
	Time	Process	CTE Score	Time	Process	CTO Score
Bihar	●	●	●	●	●	●
Chhattisgarh	●	●	●	●	●	●
Haryana	●	●	●	●	●	●
Himachal Pradesh	●	●	●	●	●	●
Karnataka	●	●	●	●	●	●
Kerala	●	●	●	●	●	●
Maharashtra	●	●	●	●	●	●
Odisha	●	●	●	●	●	●
Tamil Nadu	●	●	●	●	●	●

Rating on 5 point scale ● Rating > 3.5 ● 1.5 < Rating <= 3.5 ● Rating <= 1.5

Key characteristics of the states placed in top 33.33 percentile:

- Online Consent Management System is available for CTE and CTO through which application can be submitted.
 - The Consent management system has an online tracking feature through which applicants can get information on the status of their applications.
 - Time taken for CTE and CTO ranges from 1-3 months for most states.
-
- All the states in this category except Kerala have an online system for accepting application and processing of Consent to Establish (CTE). Except Maharashtra, all other states having an online system also had facility for online tracking of the status of applications. Most respondents expressed satisfaction with the process. However, majority of respondents from Maharashtra were not so satisfied with the process on account of multiple visits required to be made to the state pollution control board to obtain CTE.

- The time taken for obtaining CTE for most states placed in this category ranges from 1 to 3 months. The average time taken for obtaining CTE in Kerala was less than a month while that for Chhattisgarh was more than 3 months. Majority of respondents from Chhattisgarh indicated that they were not satisfied with the time taken to issue CTE due to inadequate information and the need for multiple visits to the State Pollution Control Board.
- All the states in this category, with the exception of Kerala have an online system for accepting applications for Consent to Operate (CTO). Except Maharashtra all states in this category having the online system also had the facility for online tracking of status of application. While respondents from most states in this category expressed satisfaction with the process, some respondents from Kerala and Maharashtra were not so satisfied with the process on account of multiple visits required to be made to the state pollution control board to obtain CTO. Respondents from Kerala & Tamil Nadu indicated less satisfaction with the overall experience of obtaining CTO on account of multiple inspections and requirement of physical submission of additional documents to the department after submitting their applications.
- The time taken for obtaining CTO for most states placed in this category ranges from 1 to 3 months except in Kerala where it takes less than a month Other than Haryana, Karnataka, Kerala and Maharashtra, majority of respondents from these states indicated that they were not so satisfied with the time taken to issue CTO.

Middle 33.33 percentile States

11 states viz. Andhra Pradesh, Gujarat, Manipur, Meghalaya, Mizoram, Nagaland, Punjab, Rajasthan Sikkim, Uttar Pradesh and West Bengal feature in this category (please refer table below).

State	Consent to Establish (CTE)			Consent to Operate (CTO)		
	Time	Process	CTE Score	Time	Process	CTO Score
Andhra Pradesh	●	●	●	●	●	●
Gujarat	●	●	●	●	●	●
Manipur	●	●	●	●	●	●
Meghalaya	●	●	●	●	●	●
Mizoram	●	●	●	●	●	●
Nagaland	●	●	●	●	●	●
Punjab	●	●	●	●	●	●
Rajasthan	●	●	●	●	●	●
Sikkim	●	●	●	●	●	●
Uttar Pradesh	●	●	●	●	●	●
West Bengal	●	●	●	●	●	●

Rating on 5 point scale ● Rating > 3.5 ● 1.5 < Rating <= 3.5 ● Rating <= 1.5

Key characteristics of the states placed in middle 33.33 percentile:

- Manual Consent Management System for processing CTE
- Online/ Manual Consent Management System for processing CTO.
- Time taken for CTE and CTO ranges from 1-3 months & 1-4 months respectively for most states.

- All the states belonging to this category except Gujarat, Punjab, Uttar Pradesh and West Bengal have manual system for CTE. Majority of respondents from these states except those from Gujarat, Punjab, Uttar Pradesh and Sikkim expressed satisfaction with the process of obtaining CTE. Feedback from Industry Associations and Industry in-
 - Sikkim indicated that the inspection process for issuing CTE involved multiple visits by inspectors and was not based on standard objective procedures.
 - Gujarat indicated that the process involved (a) complex documentation requirements and (b) delays in conducting inspections
- The time taken for obtaining CTE for most states placed in this category ranges from 1 to 3 months. The average time taken for obtaining a CTE was around 6 months in Andhra Pradesh and more than 3 months in Uttar Pradesh and Gujarat. Majority respondents from these states excepting those from Manipur, Meghalaya, Mizoram, Nagaland, Rajasthan and Sikkim indicated that they were less satisfied with the time taken to issue CTE. Feedback from Industry Associations and Industries in Uttar Pradesh indicated that even after applying online for CTE through the online system, Nivesh Mitra, multiple visits to the department were required to be made by the applicants. Further, in some cases, clearances are given by UP Pollution Control Board only from its Lucknow office, requiring applicants to travel to Lucknow which was a key constraint for small enterprises.
- All the states belonging to this category except Gujarat, Andhra Pradesh, Punjab, Uttar Pradesh and West Bengal have a manual system for CTO. Majority of respondents from these states other than Punjab and Uttar Pradesh expressed satisfaction with the process of obtaining CTO. However some respondents were not satisfied on account of inspections not being based on standard objective procedures.
- The time taken for obtaining CTO for most states placed in this category ranges from 1 to 4 months. Majority respondents from the states in this category excepting those from Andhra Pradesh, Punjab, Uttar Pradesh and West Bengal indicated that they were satisfied with the time taken to issue CTO. Feedback from Industry Associations and Industries indicated the following issues relating to delays in obtaining a CTO:
 - Andhra Pradesh: inspections are often delayed and do not follow standard objective procedures.
 - Punjab: inspections are not based on standard objective procedures
 - Uttar Pradesh: multiple visits are required to the concerned department

Bottom 33.33 percentile States

8 states viz. Arunachal Pradesh, Assam, Goa, Jammu & Kashmir, Jharkhand, Madhya Pradesh, Tripura and Uttarakhand feature in this category (please refer table below).

State	Consent to Establish (CTE)			Consent to Operate (CTO)		
	Time	Process	CTE Score	Time	Process	CTO Score
Arunachal Pradesh	●	●	●	●	●	●
Assam	●	●	●	●	●	●
Goa	●	●	●	●	●	●
Jammu and Kashmir	●	●	●	●	●	●
Jharkhand	●	●	●	●	●	●
Madhya Pradesh	●	●	●	●	●	●
Tripura	●	●	●	●	●	●
Uttarakhand	●	●	●	●	●	●

Rating on 5 point scale ● Rating > 3.5 ● 1.5 < Rating <= 3.5 ● Rating <= 1.5

Key characteristics of the states placed in bottom 33.33 percentile:

- Manual Consent Management System for processing CTE and CTO.
- Time taken for CTE ranges from 1.5 - 4 months and CTO ranges from 2 -6 months for most states

- All the states belonging to this category except Jammu & Kashmir have manual system for CTE; Jammu & Kashmir's online consent management system has the feature for online tracking of status of application for CTE. However, most respondents from Jammu & Kashmir were not satisfied with the process effectiveness for obtaining CTE.
- The time taken for obtaining CTE for most states placed in this category ranges from 1.5 to 4 months. The average time taken for obtaining a CTE in Uttarakhand was around 5-6 months while it takes less than a month in Goa. Majority respondents from states in this category excepting those from Assam indicated that they were not satisfied with the time taken to obtain CTE. Feedback from Industry Associations and Industries in Jharkhand, Madhya Pradesh and Uttarakhand indicated that the key reasons for delay was primarily on account of delays in conducting inspections along with absence of standard objective procedures for the inspection process and complex documentation requirements.
- All the states belonging to this category except Jammu & Kashmir have manual system for CTO; the online consent management system for Jammu & Kashmir has the feature for online tracking of applications related to CTO. However, most respondents from Jammu & Kashmir were not satisfied with the process effectiveness for obtaining CTO.
- The time taken for obtaining CTO for most states placed in this category ranges from 2 to 6 months. While the average time taken for obtaining a CTO in was less than 1.5 months in Arunachal Pradesh and Madhya Pradesh, it was more than 6 months in case of Jharkhand. Majority respondents from the states in this category excepting those from Jharkhand, Jammu & Kashmir, Tripura and Uttarakhand indicated that they were satisfied with the time taken to obtain CTO. Feedback from Industry Associations and Industries in Jharkhand, Tripura and Uttarakhand indicated that the key reasons for delay was primarily on account of delays in conducting inspections together with absence of standard objective procedures for the inspection process.

Innovative/ Good Practices

A number of innovative/ good practices were observed in areas like process improvement, access to information, some of which have been highlighted below:

Process Improvement

- Acknowledging that level of pollution differs based on sector and nature of manufacturing activities by industries, some states have identified specific industries as non-polluting and exempted them from requirements of obtaining environment related clearances; for instance
 - In Andhra Pradesh, all micro & small enterprises other than those from 66 identified industries are exempted from obtaining Consent for Establishment (CFE)/ Consent for Operation (CFO) from Andhra Pradesh Pollution Control Board with the acknowledgement on the industry category issued by DIC being treated as CFE/ CFO.
 - In Rajasthan, for investments in Green Category below Rs. 5 crore, the application acknowledgement letter is considered as good as environmental consent.
- Some states are offering fast tracking the process of environmental clearances on payment of extra fees to the State Pollution Control Board. Under one such initiative, Rajasthan Pollution Control Board has introduced a 'Tatkal System' to issue environmental consents to the industries. Provisional consent is granted expediently for a higher fee. The inspection takes place later. If any incorrect information is found during the subsequent inspection process, the consent is withdrawn.

Access to Information on Compliances/ regulatory requirements

- In Uttar Pradesh, the Pollution Control Board holds special camps to educate the entrepreneurs in

particular areas where large number of cases are pending for clearances

- West Bengal Pollution Control Board is in the process of institutionalizing a center called “Environment Compliance Assistance Centre”, to support industries, especially MSMEs with environment related clearances / regulations.

Recommendations

While a number of states have leveraged information technology to streamline their processes for applying and issuing consents to establish & operate, sharing of information with applicants on the compliance requirements and standardizing procedures emerges as a key opportunity for most states. For increasing awareness on compliance issues and instituting standardized procedures, the states may consider the following:

- Develop a comprehensive information sharing mechanism with industries/ industry associations on requirements for obtaining pollution clearances; document standard operating procedures for inspection process in pollution control to increase transparency and efficiency of the process
- Develop and implement a common application form catering to various environment related acts.
- Develop standard operating procedures for inspection processes related to Consent to Operate which could be shared transparently with the applicants.
- For states in the middle and bottom 33.33 percentile, there is a need for development and implementation of IT enabled consent management systems for providing entrepreneurs the facility of online application and tracking the status of applications submitted. Such a system will improve transparency as well as accountability within the concerned departments as the approval process can be monitored through the system.

8. Other Business Regulatory Compliances

Other Business Regulatory Compliances

Other business regulatory compliances cover the following:

- Time taken and effectiveness of process for registration for Entrepreneur's Memorandum (EM I & EM II)
- Effectiveness of process for Single Window Clearance Mechanism in terms of departments being covered, presence of Common Application Form, tracking mechanism and provision for deemed approval/ guaranteed service

Top 33.33 percentile States

9 states viz. Andhra Pradesh, Gujarat, Kerala, Maharashtra, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal feature in this category (please refer table below)

State	EM			Single Window (SW)	
	Time	Process	EM Score	Process	SW Score
Andhra Pradesh	●	●	●	●	●
Gujarat	●	●	●	●	●
Kerala	●	●	●	●	●
Maharashtra	●	●	●	●	●
Punjab	●	●	●	●	●
Rajasthan	●	●	●	●	●
Tamil Nadu	●	●	●	●	●
Uttar Pradesh	●	●	●	●	●
West Bengal	●	●	●	●	●

Rating on 5 point scale ● Rating > 3.5 ● 1.5 < Rating <= 3.5 ● Rating <= 1.5

Key characteristics of states placed in top 33.33 percentile:

- Online filing of EM I & EM II resulting in positive user experience
- Average time taken for EM I registration is less than a week for most states, whereas for EM II, it is within 15 days.
- Presence of Single Window Mechanism with online monitoring mechanism

- All states in this category have the provision for online filing of EM I & EM II forms. Majority of the respondents expressed satisfaction with the process of obtaining EM I & EM II.
- The time taken for getting an EM I is less than a week except for Maharashtra where it takes about 3 weeks; time taken for getting an EM II is within 15 days except for Maharashtra and West Bengal where it takes about a month. Most respondents expressed satisfaction with the time taken to obtain both EM I & EM II except Maharashtra (both EM-I and EM-II) and West Bengal (EM II).
 - Feedback from industry associations and industries in Maharashtra indicated that awareness about the online facility for filing EM is low. It was also indicated that in Maharashtra the DIC accepts both online and manual applications.
 - Feedback from industry associations and industry in West Bengal indicated that after the forms for EM II have been submitted online, the application has to be printed, relevant documents attached and submitted at the DIC office.
- All the states in this category have an institutional mechanism for providing single window clearances for industries. States like Gujarat, Maharashtra, Uttar Pradesh and Rajasthan have implemented an online monitoring mechanism for implementing the single window mechanism in the state. Uttar Pradesh and Rajasthan do not have a common application form for their single window system. Majority respondents across all the states in this category expressed satisfaction with the single window clearance mechanism.

Middle 33.33 percentile States

10 states viz. Assam, Bihar, Chhattisgarh, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Madhya Pradesh, Odisha and Uttarakhand feature in this category (please refer table below)

State	EM			Single Window	
	Time	Process	EM Score	Process	Single Window Score
Assam	●	●	●	●	●
Bihar	●	●	●	●	●
Chhattisgarh	●	●	●	●	●
Haryana	●	●	●	●	●
Himachal Pradesh	●	●	●	●	●
Jammu & Kashmir	●	●	●	●	●
Karnataka	●	●	●	●	●
Madhya Pradesh	●	●	●	●	●
Odisha	●	●	●	●	●
Uttarakhand	●	●	●	●	●

Rating on 5 point scale ● Rating > 3.5 ● 1.5 < Rating <= 3.5 ● Rating <= 1.5

Key characteristics of states placed in middle 33.33 percentile:

- Manual or Online filing of EM I & EM II
 - Average time taken for EM I registration is less than 9 days for most states, whereas for EM II it is around 16 days
 - Presence of Single Window Mechanism with limited monitoring / tracking
- Except for Assam, Karnataka, Odisha and Uttarakhand, none of the other states viz. Bihar, Chhattisgarh, Haryana, Himachal Pradesh, Jammu & Kashmir and Madhya Pradesh have an online EM form filing facility. However, majority of the respondents expressed satisfaction with the time taken to obtain EM I & EM II.
 - The time taken for getting an EM I is less than 9 days except for Odisha where it takes about 2 weeks; time taken for getting an EM II is around 16 days except for Assam, Karnataka, and Odisha where it takes more than 20 days.
 - Feedback from industry associations and industries in Odisha indicated that awareness about the online facility for filing EM I & EM II was low since it was introduced during the last year. Despite the time taken being higher than other states, majority of the respondents in Assam indicated their satisfaction with the response time. Feedback from industry associations and industries in Jammu & Kashmir and Bihar indicated that multiple visits to the DIC were required for getting an EM registration
 - Except Assam and Haryana, all the other states viz. Bihar, Chhattisgarh, Himachal Pradesh, Jammu & Kashmir, Karnataka, Madhya Pradesh, Odisha and Uttarakhand placed in this category have an institutional framework/ mechanism for providing single window clearances for industries. However, Haryana has set up an “Investment Promotion Centre” in New Delhi and Chandigarh to act as Single Point Contact Agency to provide information & support to prospective entrepreneurs particularly with regards to various clearances/ approvals required for implementation of the large/mega projects. Bihar has implemented a monitoring mechanism to effectively implement the single window mechanism in the state; however it doesn’t have a common application form. Additionally, Uttarakhand also did not have a Common Application Form (CAF). In all states in this category, the key departments are covered as part of single window mechanism excepting Himachal Pradesh and Jammu & Kashmir.
 - Feedback from Industry Associations and Industries in these states indicate single window mechanism are primarily acting as coordinating agencies with the approvals being granted at respective line departments

Bottom 33.33 percentile States

9 states viz. Arunachal Pradesh, Goa, Jharkhand, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura feature in this category (please refer table below)

State	EM			Single Window	
	Time	Process	EM Score	Process	Single Window Score
Arunachal Pradesh	●	●	●	●	●
Goa	●	●	●	●	●
Jharkhand	●	●	●	●	●
Manipur	●	●	●	●	●
Meghalaya	●	●	●	●	●
Mizoram	●	●	●	●	●
Nagaland	●	●	●	●	●
Sikkim	●	●	●	●	●
Tripura	●	●	●	●	●

Rating on 5 point scale ● Rating > 3.5 ● 1.5 < Rating <= 3.5 ● Rating <= 1.5

Key characteristics of states placed in bottom 33.33 percentile:

- Manual filing of EM I & EM II
- Average time taken for EM I and EM II was less than 20 days for most states.
- Absence of a Single Window Mechanism

- Except Jharkhand (for EM I & EM II) and Manipur (for EM I), none of the other states viz. Arunachal Pradesh, Goa, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura have an online EM form filing facility. Most of the respondents across states except in Goa expressed their satisfaction with the process involved.
- The time taken for getting an EM I is less than 20 days for states in this category except for Jharkhand, Sikkim and Tripura where it takes more than three weeks; Time taken for getting an EM II is less than 20 days except Jharkhand and Arunachal Pradesh where it takes about 2 months. Almost all respondents from Jharkhand expressed low satisfaction on the time taken for getting EM registrations.
 - Based on discussions with industry associations and industries, it is understood that in Jharkhand the awareness level of the online system was low and entrepreneurs still followed the manual process. It was further indicated that that multiple visits were required to be made to DIC, lack of information and capacity constraints of DICs were primary reasons for the time taken.
 - Feedback from manufacturing units in Arunachal Pradesh, Goa and Tripura indicate that multiple visits to the DIC were required for getting an EM registration.
- None of the states placed in this category have an institutional framework/ mechanism for providing single window clearances for industries. The entrepreneurs in these states have to individually approach the respective departments to get the required approvals/ clearances.

Innovative / Good Practices

A number of innovative/ good practices were observed related to “Other Regulatory Compliances” in areas like access to information, institutional mechanism and processes. Key innovative/ good practices observed are highlighted below:

Access to Information on Business Regulatory Compliances

- The Department of Micro & Small Scale Enterprises & Textiles, Govt. of West Bengal has introduced a website (<http://myenterprise.wb.gov.in/>) which has simplified & summarized versions of all applicable Acts & Laws and has an interactive feature which enables SMEs to identify the incentives they can avail.
- Maharashtra and Andhra Pradesh has developed a “Doing business” brochure for providing guidance to investors on various business regulatory compliance requirements for starting a business. The brochure has all the required information in terms of list of all the mandatory approvals/ clearances required for starting a business, process involved, details of forms to be filled, nodal departments/ agencies for various clearances/ approvals etc.
- For reaching out to micro enterprises iNDEXTb in Gujarat has set up Kiosks at 26 district industries centres. These kiosks are equipped with infrastructure facilities such as internet connectivity, printer and scanner.
- Jigyasha (+91 612-2233333) – a call centre has been set up by Government of Bihar which enables getting information on various services provided by the government including business regulation related information.

Institutional Mechanism

- Through a State Government notification, Punjab Bureau of Investment Promotion was established in December 2013 to provide one stop clearance for new investment proposals. The Bureau has been empowered to provide approvals/ permits till the stage of commencement of operations related to Pollution Control; Excise & Taxation, Labour, Power; Factory & Building clearances, etc. Also, senior level officers of these departments are deputed to this institution so that approvals can be processed from a single office. This measure is expected to significantly reduce the time taken for approvals and improve investor experience in the State.
- Uttarakhand has divided its Single Window Mechanism (SWM) into two parts with the objective to address dependencies across line departments in the clearance process. Part 1 of the SWM deals with clearances before the establishment of a unit, while Part 2 deals with clearances after the establishment of a unit. This enables the units at various stages of establishment to understand, obtain and comply with clearances/ regulations/ approvals in accordance with the stage they are in.

Policy

- Some states have implemented Acts which guarantees providing services including approvals/ clearances required for starting/ continuing a business within stipulated timeframe. For example
 - Right to Public Services Act, 2011 in Bihar guarantees providing services within stipulated timeframe. Along with other services, the Act covers certain business related clearances like land registration, trade license issuance/renewal, land mutation, VAT registration, etc. For each of these services, there are dedicated citizen service centres wherein information is made available on the supporting documents to be furnished and application is accepted on submission of all requisite documents with generation of a date / time stamp on the receipt. This receipt facilitates tracking of time taken for approving / providing feedback on the respective application.
 - Madhya Pradesh has implement ‘Lok Seva Guarantee Adhiniyam’. The Act contains stipulated timelines, details of the nominated appellate officials in processing applications and provision for imposing penalty on the officials who have defaulted in processing the applications without adequate justification.

Process Improvement

- Some states have implemented an online application status checking facility under the Single Window Mechanism. For example:
 - Kerala has a provision for online status checking under the Single Window Mechanism which helps entrepreneurs keep track of their applications
 - Rajasthan has implemented “Entrepreneur Application Status” facilitating the entrepreneurs to track online the current status of their applications. It provides the following information (a) Status of application using symbols/ colour coding (b) Due date for clearance (c) Action taken by the nodal agency (d) Date on which action was taken by the nodal agency

- Nivesh Mitra is the online portal for facilitating single window clearance for industries in Uttar Pradesh. The portal provides the nodal agency a dashboard with colour coding, which can be used by the officials to identify applications on which action has not been taken within stipulated time frame. Moreover, applicants are kept informed about their application status through communication over SMS.
- iNDEXTb is a nodal agency under the Industries Commissionerate, Government of Gujarat for providing hand-holding support to entrepreneurs. Investor Facilitation Portal (IFP) (<http://www.ifpgujarat.gov.in/portal/index.jsp>) developed by iNDEXTb facilitates monitoring of investment proposals by generating MIS reports, which can be used by the officials to identify applications on which action has not been taken within stipulated time frame.
- MIDC's online single window portal provides the facility for the entrepreneurs to see any comments / issues raised during application scrutiny. Applicants can also respond to these comments online.
- Reminder for Trade License renewal is mailed to respective entrepreneurs by Kolkata Municipal Corporation in West Bengal and they make the payment at banks and receive a receipt. This receipt along with the mail for trade license renewal comprises the renewed trade license.

Recommendations

A large number of states have leveraged information technology to streamline their processes for EM I & EM II registration. However, states in the bottom 33.33 percentile need to make this transition. Adoption of an online system of EM filings is expected to decrease in time taken to issue EMs, streamline the process through reducing the interface between the government and entrepreneurs and improve transparency and accountability in the concerned departments.

Improving the effectiveness of the single window clearance mechanism through policy and process streamlining initiatives emerges as a key opportunity for improvement for most states. For improving the institutional mechanism and streamlining the single window clearance process the states may consider the following:

- Framing requisite policies for ensuring time bound decision making with provisions for deemed approvals for applications on which suitable action is not taken within prescribed time limits. In case of rejection/ deficiencies in applications, specific reasons should be provided to the concerned applicant to enable the units comply with such regulations. This measure would significantly improve accountability and transparency in the system.
- Implementing single window mechanism for States, especially those placed in bottom 33.33 percentile, along with a monitoring mechanism to facilitate single point on time clearances/ approvals for entrepreneurs in the state.
 - The single window mechanism should be backed by an Act/ government order defining an institutional mechanism including nodal agency, district level (micro & small industries) and state level approval committees (medium and large industries)
 - Develop a Common Application Form covering all the departments under single window mechanism
 - Implement an IT based system facilitating (a) online submission of forms and tracking of application status by the entrepreneurs (b) monitoring of applications by the nodal agency
- Support in terms of facilitating filling of forms (for example sample completed forms; FAQ including list of key reasons for rejections) and dealing with other procedures may be provided through facilitation centres (especially for MSMEs)/ website/ toll free helpline number.

Annexure A – Evaluation Framework and Methodology

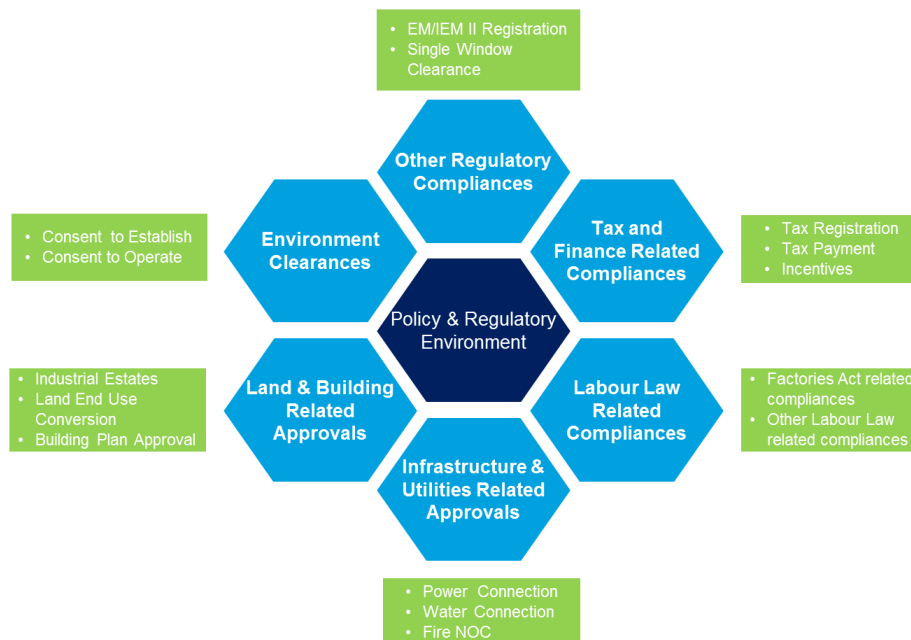
Evaluation Framework

The following six parameters were identified as part of the evaluation framework: (i) Finance & tax related compliances, (ii) Labour law related compliances, (iii) Infrastructure & utility related compliances, (iv) Land & building related compliances, (v) Environmental clearance and (vi) Other business regulatory compliances.

Highlights of each of the parameters are presented below:

- **Finance & Tax related compliances** essentially capture policies & practices as well as end user experience in registration and payment of applicable state VAT, Excise, Entry Tax, Professional Tax, etc. as well as receipt of incentives wherever provided as per the state's industrial policy
- **Labour law related compliances** covering registration / compliance under various labour related policies/ regulations like Employees State Insurance Act, Contract Labour (Regulation and Abolition) Act, Payment of Wages Act, Minimum Wages Act, Industrial Disputes Act, applicable provisions of the Factories Act etc.
- **Infrastructure & Utility related approvals** covering new connections for water, power, sewerage as well as compliance requirements for obtaining fire license
- **Land & Building related approvals** essentially aim to capture policies & practices and industry / user experience in (a) availing land for setting up manufacturing units in Government owned land banks/ Industrial estates, (b) conversion of agricultural land to industrial end-use and (c) getting approvals for building plans.
- **Environment Clearances** attempts to cover policies & practices as well as user experience in obtaining requisite clearances from the state pollution control boards in terms of consent to establish and consent to operate
- **Other business regulatory compliances**, which addresses policy & process maturity levels, user experience in registration of EMs. Additionally, experience of the entrepreneurs with single window clearance mechanism, wherever applicable, at time of establishment of business was also evaluated as part of this parameter

For each of the above parameters, a set of sub-parameters were identified based on the key regulatory compliance requirements that were applicable for most manufacturing units. The figure below highlights the sub-parameters considered for rating:



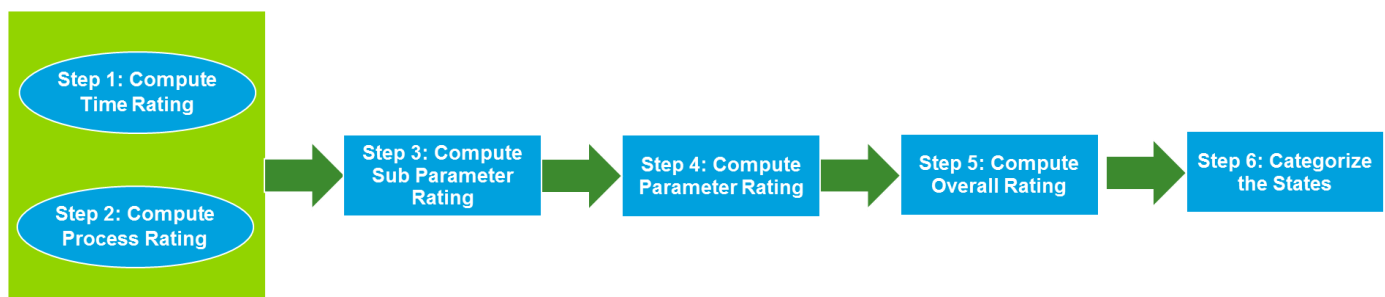
Rating Framework

Based on the above evaluation framework, a questionnaire to be administered through a survey was developed (please refer Annexure B) for obtaining feedback of manufacturing units on individual sub-parameters in terms of time taken for approval (wherever applicable) and on end user experience of the process (whether it was IT enabled, adequacy of information / guidance, number of visits required for compliance, objectivity of compliance process etc.).

In the questionnaire, statements were framed against the respective sub parameters on dimensions of time and process and respondents were requested to record their experiences against each statement, as applicable to them, on a four point scale viz. Strongly Disagree, Disagree, Agree & Strongly Agree.

Against the time dimension respondents were also requested to state the number of days it took to obtain the clearances/ approvals/ registrations/ licenses, as applicable. In terms of process, the level of automation of processes as applicable, for the respective sub parameters was obtained through interactions with State government officials and Industry Associations.

The figure below highlights the steps used to compute the rating for parameter and sub parameter:



Step 1 - Compute Time Rating for Sub Parameter

(a) Rating based on time taken

Respondents were requested to provide the time taken to get a clearance/ approval/ registration/ license in the state. For responses received for that particular question from respondents from the same state, the average time was computed. This was validated with inputs received from interactions with industry associations and government officials of respective states.

Next, the distribution of the average number of days from all states against that sub parameter was divided into 5 equal brackets i.e. 0 – 20 percentile³, 20 – 40 percentile, 40 – 60 percentile, 60 – 80 percentile & 80 – 100 percentile⁴ and ratings on a scale of 1-5 (where 5 is the best) were awarded based on the bracket in which the state falls as illustrated below:

#	State	Number of days	Percentile Range
1	Andhra Pradesh	180	80-100
2	Arunachal Pradesh	104	80-100
3	Assam	50	20-40
4	Bihar	78	40-60
5	Chhattisgarh	110	80-100
6	Goa	15	0-20
7	Gujarat	100	80-100
8	Haryana	88	60-80
9	Himachal Pradesh	50	20-40
10	Jammu and Kashmir	103	80-100
11	Jharkhand	90	80-100
12	Karnataka	78	40-60
13	Kerala	23	0-20
14	Madhya Pradesh	68	40-60
15	Maharashtra	60	20-40
16	Manipur	35	20-40
17	Meghalaya	35	20-40
18	Mizoram	31	0-20
19	Nagaland	30	0-20
20	Orissa	70	40-60
21	Punjab	55	20-40
22	Rajasthan	74	40-60
23	Sikkim	30	0-20
24	Tamil Nadu	90	60-80
25	Tripura	88	60-80
26	Uttar Pradesh	100	80-100
27	Uttarakhand	160	80-100
28	West Bengal	79	40-60



Rating Methodology

#	Percentile Range	Corresponding number of Days	Rating
1	0 - 20	Below 34	5
2	20 - 40	35 - 65	4
3	40 - 60	66 - 80	3
4	60 - 80	81 - 100	2
5	80 - 100	More than 100	1



Ratings

States	Rating
Goa, Kerala, Mizoram, Nagaland, Sikkim,	5
Assam, Himachal Pradesh, Maharashtra, Meghalaya, Punjab, Manipur	4
Bihar, Karnataka, Madhya Pradesh, Orissa, Rajasthan, West Bengal	3
Haryana, Jharkhand, Tamil Nadu, Tripura	2
Andhra Pradesh, Arunachal Pradesh, Chhattisgarh, Gujarat, Jammu & Kashmir, Uttar Pradesh, Uttarakhand	1

Illustrative

³ A percentile is a statistical measure indicating the value below which a given percentage of data in a dataset will be placed. For example, the top 33.33 percentile will represent the points which are above 2/3rd of the complete data set i.e. top 33.33 percentile states will represent the states which are placed above 2/3rd of all states evaluated for the particular parameter. Similarly, middle 33.33 percentile of states will represent those states which are placed in between the top 1/3rd and bottom 1/3rd of all states evaluated for the parameter.

⁴ The higher limit being considered in the next slab

(b) Rating based on reasonability of time

Respondents from each state were asked to comment on their experience on the time taken to get a clearance/ approval/ registration/ license against the statement, “whether time taken was reasonable” on a four point scale (Strongly Disagree, Disagree, Agree & Strongly Agree). Based on responses received, aggregate percentage of the respondents who strongly disagreed or disagreed was computed. Points were awarded to each state based on the above computed percentage on a 5 point rating scale as illustrated below:

#	State	% of the respondents who Disagreed or Strongly disagreed
1	Andhra Pradesh	80%
2	Arunachal Pradesh	88%
3	Assam	50%
4	Bihar	90%
5	Chhattisgarh	100%
6	Goa	50%
7	Gujarat	50%
8	Haryana	17%
9	Himachal Pradesh	67%
10	Jammu and Kashmir	100%
11	Jharkhand	100%
12	Karnataka	40%
13	Kerala	30%
14	Madhya Pradesh	100%
15	Maharashtra	100%
16	Manipur	0%
17	Meghalaya	0%
18	Mizoram	0%
19	Nagaland	100%
20	Orissa	100%
21	Punjab	33%
22	Rajasthan	50%
23	Sikkim	50%
24	Tamil Nadu	25%
25	Tripura	100%
26	Uttar Pradesh	100%
27	Uttarakhand	40%
28	West Bengal	0%



Rating Methodology

#	% of the respondents who Strongly Disagreed or Disagreed*	Rating
1	0 - 20	5
2	20 - 40	4
3	40 - 60	3
4	60 - 80	2
5	80 - 100	1
6	100	0

*Higher limit being considered in the next slab



Rating

States	Rating
Haryana, Meghalaya, Mizoram, Nagaland, Manipur, Kerala, Rajasthan, Tripura	5
Assam, Gujarat, Karnataka, Sikkim, Tamil Nadu, West Bengal	3
Himachal Pradesh	2
Andhra Pradesh, Arunachal Pradesh, Bihar	1
Chhattisgarh, Jammu & Kashmir, Jharkhand, Madhya Pradesh, Maharashtra, Orissa, Punjab, Uttar Pradesh, Uttarakhand	0

Once (a) & (b) had been completed, total time rating was calculated for the respective states for that sub parameter with a weight of 70% assigned on rating based on time taken (a) and 30% weight assigned on user response on reasonability of time (b). Any exception to this has been highlighted subsequently.

Step 2 – Compute Process Rating for Sub Parameter

(a) Rating based on automation of process

The process dimension for the sub parameter was assessed in terms of use of information technology for application processing and monitoring as determined through industry association/ state government interactions.

(b) Rating based on effectiveness of process

Respondents were requested to state their experience on the process through rating the statement, “they are satisfied with the process involved⁵ in getting a clearance/ approval/ registration/ license”, on a four point scale (Strongly Disagree, Disagree, Agree & Strongly Agree). Next, aggregate percentage of the respondents who strongly disagreed or disagreed was computed.

⁵ Includes availability of information, simplicity & no. of forms to be filled, objectivity of the procedures, visits required to the concerned department/ agency, inspection process

Points on a 5 point rating scale were awarded to each state for the respective sub parameter based on (a) usage of information technology for streamlining the process (50% weight) and (b) computed percentage of user experience as illustrated below (50% weight). Any exception to this has been highlighted subsequently.

#	State	% of respondents who Strongly Disagreed or	IT enabled process	Tracking/ Monitoring system
1	Andhra Pradesh	50%	No	Yes
2	Arunachal Pradesh	33%	No	No
3	Assam	50%	No	No
4	Bihar	28%	Yes	Yes
5	Chhattisgarh	50%	Yes	Yes
6	Goa	50%	No	No
7	Gujarat	50%	Yes	No
8	Haryana	11%	Yes	Yes
9	Himachal Pradesh	22%	Yes	Yes
10	Jammu and Kashmir	67%	Yes	Yes
11	Jharkhand	100%	No	No
12	Karnataka	28%	No	No
13	Kerala	22%	No	No
14	Madhya Pradesh	46%	No	No
15	Maharashtra	50%	Yes	No
16	Manipur	33%	No	No
17	Meghalaya	33%	No	No
18	Mizoram	33%	No	No
19	Nagaland	33%	No	No
20	Orissa	50%	Yes	Yes
21	Punjab	96%	Yes	Yes
22	Rajasthan	17%	No	No
23	Sikkim	50%	No	No
24	Tamil Nadu	50%	Yes	Yes
25	Tripura	34%	No	No
26	Uttar Pradesh	67%	Yes	Yes
27	Uttarakhand	89%	No	No
28	West Bengal	18%	Yes	No

Total Rating

State	Total Ratings	State	Ratings
Andhra Pradesh	2.5	Maharashtra	3.0
Arunachal Pradesh	2.0	Manipur	2.0
Assam	1.5	Meghalaya	2.0
Bihar	4.5	Mizoram	2.0
Chhattisgarh	4.0	Nagaland	4.0
Goa	1.5	Orissa	3.0
Gujarat	3.0	Punjab	2.5
Haryana	5.0	Rajasthan	1.5
Himachal Pradesh	4.5	Sikkim	4.0
Jammu and Kashmir	3.5	Tamil Nadu	2.0
Jharkhand	0.0	Tripura	3.5
Karnataka	2.0	Uttar Pradesh	0.5
Kerala	2.0	Uttarakhand	4.0
Madhya Pradesh	1.5	West Bengal	2.0

Rating Methodology

#	% of respondents who Strongly Disagreed or	Ratings (b)
1	0 - 20	5
2	20 - 40	4
3	40 - 60	3
4	60 - 80	2
5	80 - 100	1
6	100	0

*Higher limit being considered in the next slab

#	Usage of Information technology	Ratings (a)
1	Online system with tracking	5
2	Online system	3
3	Manual Process	0

Total Rating = (a)*1/2 + (b)*1/2

Step 3 – Compute Sub Parameter Rating

After the ratings for each of the dimensions had been computed, rating for the sub parameters were arrived at as per the assigned weights illustrated below:

Sub Parameter Rating = (Time Rating) *40% + (Process Rating) *60%

State	Time Rating	Process Rating	Overall Rating
Andhra Pradesh	2.0	4.0	3.2
Arunachal Pradesh	4.3	2.0	2.9
Assam	3.7	2.0	2.7
Bihar	2.7	4.5	3.8
Chhattisgarh	3.0	4.0	3.6
Goa	3.0	2.0	2.4
Gujarat	1.9	5.0	3.8
Haryana	3.6	5.0	4.4
Himachal Pradesh	2.7	4.5	3.8
Jammu and Kashmir	0.7	3.5	2.4
Jharkhand	0.7	0.5	0.6
Karnataka	2.3	4.5	3.6
Kerala	5.0	2.5	3.5
Madhya Pradesh	3.8	1.5	2.4
Maharashtra	4.0	3.5	3.7
Meghalaya	4.4	2.0	3.0
Mizoram	4.7	2.0	3.1
Nagaland	4.0	2.0	2.8
Orissa	2.3	4.5	3.6
Punjab	1.0	3.5	2.5
Rajasthan	3.0	2.0	2.4
Sikkim	4.7	2.5	3.4
Tamil Nadu	2.0	4.0	3.2
Tripura	2.0	1.5	1.7
Uttar Pradesh	3.4	3.5	3.5
Uttarakhand	1.3	1.0	1.1
West Bengal	1.3	3.5	2.6
Manipur	4.7	2.0	3.1

Step 4 – Compute Parameter Rating

Once the rating for the all the sub parameters had been computed as explained in the previous step, the rating for the respective parameters were arrived at as per the weights assigned to the sub parameters as illustrated below

- Finance and Tax related compliances Rating** = (Tax Registration rating)*1/4 + (Tax Payment rating)*1/4 + (Incentives rating)*1/2
- Labour law related compliance Rating** = Factories Act and Other Labour Law Compliance *1
- Infrastructure and Utilities related approvals Rating**= (Power connection rating)*1/3 + (Water connection rating)*1/3 + (Fire NOC rating)*1/3
- Land and Building related approvals Rating** = (Conversion of land rating)*1/3 + (Industrial Estates rating)*1/3 + (Building Plan Approval rating)*1/3
- Environment Clearances** = (Consent to establish rating)*1/2 + (Consent to operate rating)*1/2
- Other regulatory compliances Rating** = (EM/ IEM Registration rating)*1/2 + (Single Window Clearances rating)*1/2

Step 5 – Compute Overall Rating

Once the rating of all the parameters had been computed the final rating was calculated as per the assigned weights as illustrated below:

Overall Business Investment Climate Rating = (Finance and Tax related compliance rating)*1/6 + (Labour law related compliance rating)*1/6+ (Infrastructure and Utilities related approvals rating)*1/6 + (Land & Building related approvals rating)*1/6 + (Environmental Clearance rating)*1/6 + (Other regulatory compliances rating)*1/6

The underlying rationale for assigning equal weights for the six parameters was to ensure ratings for individual states were agnostic to other key factors that impact the performance of manufacturing units like quality of infrastructure, availability of natural resources, market linkages, labour & skill availability, access to finance, etc. which have not been covered in the current study.

To minimize impact of sampling related anomalies, wherever possible, higher weights have been assigned to objectively verifiable parameters like existing policies and processes/ practices adopted for regulatory compliance (for example, IT enabled application process for land allotment in Industrial Estates; actual number of days to obtain clearances/ approvals/ registrations/ licenses, etc.)

The weights used across dimensions, sub parameters and parameters are summarized in the table below:

Parameter (weight)	Sub Parameter ## (weight)	Time (Weight)			Process (Weight)		
		Combined Time	Actual Time taken	User Experience on reasonable-ness of time	Combined Process	Automation (Yes/ No)	User Experience on process effectiveness
Tax and Finance related compliances (1/6)	Tax Registration (1/4)	40%	70%	30%	60%	50%	50%
	Tax Payment (1/4)	40%	100%		60%	50%	50%
	Incentives (1/2)	40%		100%	60%	50%	50%
Labour approvals (1/6)	Factories Act* & other labour law compliances	40%	70%	30%	60%	50%	50%
Infrastructure and Utilities related approvals (1/6)	Power Connection (1/3)	40%	70%	30%	60%	50%	50%
	Water Connection (1/3)	40%	70%	30%	60%	50%	50%
	Fire NOC (1/3)	40%	70%	30%	60%	50%	50%
Land and Building related approvals (1/6)	Conversion of Land (1/3)	40%	70%	30%	60%		100%
	Industrial Estates (1/3)	40%	70%	30%	60%	50%	50%
	Building Plan Approvals (1/3)	40%	70%	30%	60%	50%	50%
Environmental Clearances (1/6)	Consent to Establish (1/2)	40%	70%	30%	60%	50%	50%
	Consent to Operate (1/2)	40%	70%	30%	60%	50%	50%

Other regulatory compliances (1/6)	EM/ IEM Registration (1/2)	40%	70%	30%	60%	50%	50%
	Single Window Clearance (1/2)#	NA			NA		

* For Factories Act and Other Labour Law Compliance, responses on process related to only Factories Act was considered given that this was the only Labour related Act which was applicable to the sample across most of the states. Respondents’ experience on time was considered for compliance of labour laws (including Factories Act) applicable to the manufacturing unit.

For Single Window Clearance Mechanism 100% weight has been assigned to process. Detailed methodology for rating this sub parameter has been presented later in this section

in case data is not applicable/ available for one of the sub-parameter within a parameter; the weightage for that sub-parameter has been distributed to the other sub-parameters for that parameter uniformly

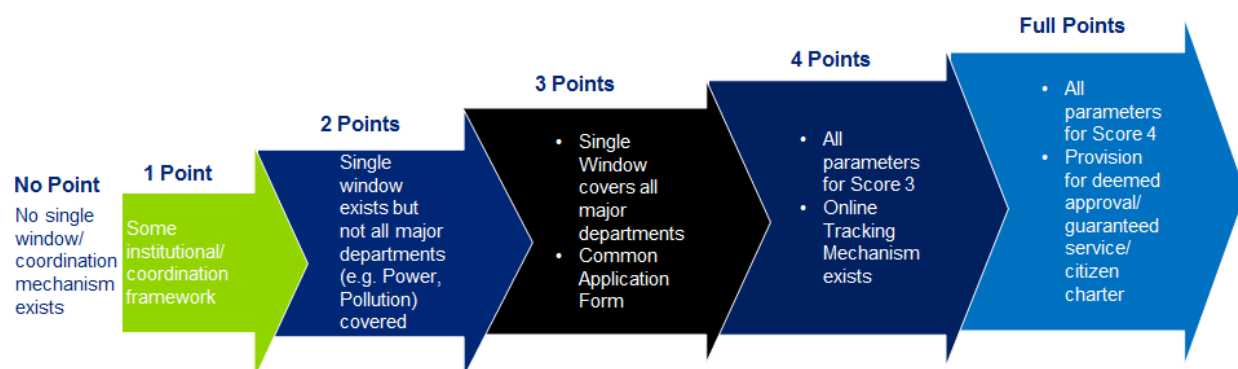
Step 6 – Categorize the States

Based on the overall ratings on business regulatory environment for the respective parameters computed for each state in the previous step, for the purpose of analysis, the states were grouped into the following 3 categories/ clusters:

- Category 1 – states belonging to the top 33.33 percentile
- Category 2 – states belonging to the middle 33.33 percentile
- Category 3 – states belonging to the bottom 33.33 percentile

Single Window Clearance Rating

As mentioned earlier the rating for the sub parameter single window clearance under the other regulatory compliances parameter a different methodology was used. A rating of 1 was assigned if the state had “some institutional/ coordination framework” for providing clearances/ approvals for establishing a manufacturing unit and subsequently, incremental rates were awarded to the state for added functionalities as per the framework highlighted below:



Application of the framework is illustrated below:

#	State	Coordination Mechanism/ framework	Single Window Mechanism	All departments covered	Major Application Form	Tracking Mechanism	Deemed Approval / guaranteed service	Rating
1	Andhra Pradesh	Yes	Yes	Yes	Yes	No	No	3
2	Arunachal Pradesh	No	No	No	No	No	No	0
3	Assam	No	No	No	No	No	No	0
4	Bihar	No	Yes	Yes	No	Yes	No	3
5	Chhattisgarh	Yes	Yes	Yes	Yes	No	No	3
6	Goa	No	No	No	No	No	No	0
7	Gujarat	Yes	Yes	Yes	Yes	Yes	No	4
8	Haryana	Yes	No	No	No	No	No	1
9	Himachal Pradesh	No	Yes	No	Yes	No	No	2
10	Jammu and Kashmir	Yes	Yes	No	Yes	No	No	2
11	Jharkhand	Yes	No	No	No	No	No	1
12	Karnataka	No	Yes	Yes	Yes	No	No	3
13	Kerala	Yes	Yes	Yes	Yes	No	No	3
14	Madhya Pradesh	No	Yes	Yes	Yes	No	No	3
15	Maharashtra	Yes	Yes	Yes	Yes	Yes	No	4
16	Meghalaya	No	No	No	No	No	No	0
17	Mizoram	No	No	No	No	No	No	0
18	Nagaland	No	No	No	No	No	No	0
19	Orissa	Yes	Yes	Yes	Yes	No	No	3
20	Punjab	Yes	Yes	Yes	Yes	No	No	3
21	Rajasthan	Yes	Yes	Yes	No	Yes	No	3
22	Sikkim	No	No	No	No	No	No	0
23	Tamil Nadu	Yes	Yes	Yes	Yes	No	No	3
24	Tripura	No	No	No	No	No	No	0
25	Uttar Pradesh	Yes	Yes	Yes	No	Yes	No	3
26	Uttarakhand	Yes	Yes	Yes	No	No	No	2
27	West Bengal	No	Yes	Yes	Yes	No	No	3
28	Manipur	No	No	No	No	No	No	0

Annexure B – Questionnaires and Interaction Tools

Questionnaire

Survey of Business Environment for Manufacturing, 2013

<For units set up or expanded in the last three years>

Planning Commission of India, in collaboration with leading Chambers of Commerce, is undertaking a study to assess the business regulatory factors impacting manufacturing competitiveness across states in India. Through this questionnaire survey the Planning Commission intends to capture the experience of companies across the country on a number of regulatory compliance requirements spread across their life cycle, covering land and building, environment, infrastructure and utilities, fiscal incentives, taxes etc. This questionnaire survey is arranged in seven sections as mentioned below.

- *General Information*
- *Business Regulatory Experiences*
- *Finance and Tax Related Regulations*
- *Labour Related Compliances*
- *Infrastructure and Utilities Related Regulations*
- *Land and Building Related Regulations*
- *Environment Related Compliances*

Please find enclosed the letter from Planning Commission of India, requesting the industries to participate in this questionnaire survey.

The findings of this questionnaire survey will form an input to the strategy to be developed by the Planning Commission for improving the business regulatory environment for the manufacturing sector in India.

The estimated time for filling this survey will be around 25 - 30 minutes. In case you are not able to complete the survey in one sitting, there is a provision of saving the responses and retrieving it later. In case of any clarification, please feel free to contact

- *Ms. Madhusree Dasgupta*
Phone: 033 6612 1000
Email: inpcresponse@deloitte.com

All outputs from this survey will be reported on a “No Name” basis.

1. General Information

	Instructions
Name of the company*:	Please mention the name of your company
Name of the unit*:	In case of a multi-unit company, please mention the name of your unit in the state. In case of a single unit company, the name of the company and the unit will be same
State*:	
District*:	
Address:	Please provide the full address of the unit in the your state
Which category do you belong to?* ⁶ :	Choose from the following list: Large, Medium, Small or Micro
Ownership*:	Choose from the following list: <ul style="list-style-type: none"> ○ public sector undertaking, ○ private sector undertaking, ○ individual promoter/sole-proprietorship, ○ partnership, ○ co-operative undertaking, ○ joint sector undertaking, ○ others
Key sector(s)*:	Please choose from the following list: Iron & Steel, Petroleum and Coal Products, Primary Metal, Fabricated Metal, Furniture, Paper and Paper Products, Food Manufacturing, Beverage and Tobacco, Textile, Apparel, Leather and Allied Products, Wood Product, Printing and Related Support Activities, Chemicals, Plastic and Rubber Products, Non Metallic Mineral Products, Machinery, Computer and Electronic Products, Electrical Equipment and Appliances, Transportation Equipment, Bamboo, Others (Please specify)
Year in which the unit was set up*:	
Please indicate the status of your unit*:	Please choose from the following list: <ul style="list-style-type: none"> ○ Unit set-up in last 3 years ○ Unit expanded in last 3 years at site
Does your company have multiple ⁷ manufacturing units?*	Please indicate Yes or No
Name of respondent*:	
Designation*:	
Phone No 1*:	
Email Id*:	

⁶ Large scale indicates capital investment in plant and machinery, over Rs. 10 crore; Medium Scale indicates capital investment in plant and machinery, between Rs. 5 crore to Rs. 10 crore; Small scale indicates capital investment in plant and machinery, between Rs 25 lakh to Rs. 5 crore. ; Micro indicates capital investment in plant and machinery of less than Rs. 25 lakhs

⁷ A multiple unit company has its operations in more than one location

* Mandatory information requirement

2. Business Regulatory Experiences (Please rate your experience of the business regulatory atmosphere in your state and the quality of state delivered services. **Please fill in and tick (mark ‘Y’) where appropriate.**)

A. EM⁸ / IEM Part B⁹				
• Approximate number of days required for approval of EM 1				
• Approximate number of days required for approval of EM 2 / IEM Part B				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience for filing of EM / IEM Part B applications is satisfactory				
• Time taken for approval of EM 1 application is reasonable				
• Time taken for inspection prior to EM 2 / IEM Part B approval is reasonable				
• Inspection process for EM 2 / IEM Part B approval is objective and based on well-defined procedures				
• Time taken for approval of EM 2 / IEM Part B applications is reasonable				
• Costs incurred for obtaining EM 1 approval is in line with the prescribed fees as per state's policies				
• Costs incurred for obtaining EM 2 / IEM Part B approval is in line with the prescribed fees as per state's policies				
• Forms / information on procedures pertaining to EM1 are easily available				
• Forms / information on procedures pertaining to EM 2 / IEM Part B are easily available				
• Forms to be filled for filing EM 1 application are simple and self-explanatory				
• Process for availing EM /IEM approvals is clearly laid down				
• Forms to be filled for filing EM 2 / IEM Part B application are simple and self-explanatory				
• Number of departments visited for obtaining approvals is not too many				
• Number of visits to various departments for obtaining approvals is not too many				
B. SINGLE WINDOW CLEARANCE MECHANISM				
• Is there a Single Window Clearance Mechanism in the state? #	Yes		No	
• #(if yes) Is there a common application form?				
• #(if yes) Approximate number of days taken for approval through the single window clearance mechanism in the state				
• #(if yes) Approximate number of departments / agencies at the state level from which clearances are required				
• #(if yes) Approximate number of forms to be filled for clearances				

⁸ For MSMEs only

⁹ For Large Enterprises & MSMEs

	Strongly Disagree	Disagree	Agree	Strongly Agree
 #(if yes) Overall experience of the Single Window Clearance Mechanism in the state is satisfactory				
• Time taken for application processing / providing clearances through the Single Window Clearance Mechanism is reasonable				
• Costs incurred for availing services under the Single Window Clearance Mechanism were in line with the prescribed fees as per state's policies				
• Forms / information pertaining to availing the services of the Single Window Clearance Mechanism is easily available				
• Forms to be filled for availing the services of the Single Window Clearance Mechanism are simple and self-explanatory				
• Process for availing clearances, approvals through the Single Window Clearance Mechanism is clearly laid down				
• Number of departments visited for obtaining approvals / clearances is not too many				
• Number of visits to various departments for obtaining approvals / clearances is not too many				
• #(if no) Approximate Number of days taken for obtaining all approvals in the absence of the single window clearance mechanism in the state				
• #(if no) Approximate Number of departments / agencies at the state level from which clearances are required				
• #(if no) Approximate Number of forms to be filled for clearances				
C. APPROVALS / CLEARANCES				
• Please highlight the approvals / clearances / acts applicable for your unit	<ul style="list-style-type: none"> • Factories Act / Rules • Weights & Measures Act • Shops and Establishment Act • Trade License • Others (Please fill in) 			
FACTORIES ACT / RULES				
• Approximate number of days required for issue / renewal of license under Factories Act / Rules				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of availing / renewal of license under Factories Act / Rules is satisfactory				
• Time taken for issue / renewal of license under Factories Act is reasonable				
• Costs incurred as fees charged for issue / renewal of license is in line with the prescribed fees as per state's policies				
• Process for inspection of factory premises prior to issue / renewal of license is objective and based on well-defined procedures				
• Forms to be filled for availing / renewal of license is simple and self-explanatory				
• Forms / information pertaining to availing /renewal of license is easily available				

<ul style="list-style-type: none"> Please highlight the top three areas under the Factories Act / Rules where user experience pertaining to inspection / compliance requirement can be further improved 	<ul style="list-style-type: none"> Site Permit Factory Plan Health Safety Welfare Working Hour Employment of Young Persons Annual Leave with Wages Others (Please fill in) 			
WEIGHTS AND MEASURES ACT				
<ul style="list-style-type: none"> Approximate number of days required for approval / renewal of approval under Weights & Measures Act 				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of availing approval / renewal under Weights and Measures Act is satisfactory				
<ul style="list-style-type: none"> Time taken for approval / renewal of approval is reasonable 				
<ul style="list-style-type: none"> Costs incurred as fees charged for approval / renewal of approval is in line with the prescribed fees as per state's policies 				
<ul style="list-style-type: none"> Forms to be filled for availing the approval / renewal of approval are simple and self-explanatory 				
<ul style="list-style-type: none"> Forms / information pertaining to availing the registration / approval or renewal is easily available 				
SHOPS AND ESTABLISHMENT ACT				
<ul style="list-style-type: none"> Approximate number of days required for registration / renewal of registration under Shops and Establishment Act 				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of availing registration / renewal of registration under Shops and Establishment Act is satisfactory				
<ul style="list-style-type: none"> Time taken for registration / renewal of registration is reasonable 				
<ul style="list-style-type: none"> Costs incurred as fees charged for registration / renewal of registration is in line with the prescribed fees as per state's policies 				
<ul style="list-style-type: none"> Forms to be filled for the registration / renewal of registration are simple and self-explanatory 				
<ul style="list-style-type: none"> Forms / information pertaining to the registration / renewal of registration is easily available 				
TRADE LICENSE				
<ul style="list-style-type: none"> Approximate number of days required for issue / renewal of trade license 				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of availing / renewal of trade license is satisfactory				
<ul style="list-style-type: none"> Time taken for availing / renewal of trade license is reasonable 				
<ul style="list-style-type: none"> Costs incurred as fees charged for availing / renewal of trade license is in line with the prescribed fees as per state's policies 				

• Forms to be filled for availing / renewal of trade license are simple and self-explanatory				
• Forms / information pertaining to availing / renewal of the trade license is easily available				
OTHERS				
• Approximate number of days required for issue / renewal of other license				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of availing/ renewal of the approval / license / registration is satisfactory				
• Time taken for availing / renewal of the approval / license / registration is reasonable				
• Costs incurred as fees charged for availing / renewal of the approval / license / registration is in line with the prescribed fees as per state's policies				
• Forms to be filled for availing / renewal of the approval / license / registration are simple and self-explanatory				
• Forms / information pertaining to availing / renewal of the approval / license / registration is easily available				
D. DEPARTMENT OF INDUSTRY / DEPARTMENT OF MSME				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of Department of Industry / Department of MSME and the District Industry Centers is satisfactory				
• Time taken for responding to queries is reasonable				
• Forms / information pertaining to regulations / registration / approval / license etc. is easily available				
• Forms / information pertaining to regulations / registration / approval / license etc. is easily understandable and self-explanatory				
• Number of visits to the department for obtaining approvals / registration / license is not too many				

Other Suggestions (Please indicate any other comments / suggestions you may have and that have not been captured above)

3. Financial and Tax Related Regulations (Please rate your experience of the financial and tax related regulations in your state and the quality of state delivered services. **Please fill in and tick (mark ‘Y’) where appropriate.**)

E. TAX REGISTRATION				
<ul style="list-style-type: none"> Please highlight the registrations applicable for your unit 	<ul style="list-style-type: none"> State Excise VAT Entry Tax Professional Tax 			
STATE EXCISE REGISTRATION				
<ul style="list-style-type: none"> Approximate number of days required for state excise registration 				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of the state excise registration procedures in the state is satisfactory				
<ul style="list-style-type: none"> Information on the procedures to be followed are easily available Time taken for registration is reasonable Number of forms to be filled for registration are not too many Forms to be filled are simple and self- explanatory Process for applying/ tracking/ obtaining communication related to tax registration is clearly laid down Costs incurred for obtaining registration were in line with the prescribed fees as per state's policies 				
VAT REGISTRATION				
<ul style="list-style-type: none"> Approximate number of days required for VAT registration 				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of the VAT registration procedures in the state is satisfactory				
<ul style="list-style-type: none"> Information on the procedures to be followed are easily available Time taken for registration is reasonable Number of forms to be filled for registration are not too many Forms to be filled are simple and self- explanatory Process for applying/ tracking/ obtaining communication related to tax registration is clearly laid down Costs incurred for obtaining registration were in line with the prescribed fees as per state's policies 				
ENTRY TAX REGISTRATION				
<ul style="list-style-type: none"> Approximate number of days required for entry tax registration 				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of the entry tax registration procedures in the state is satisfactory				
<ul style="list-style-type: none"> Information on the procedures to be followed are easily available Time taken for registration is reasonable Number of forms to be filled for registration are not too many Forms to be filled are simple and self- explanatory 				

• Process for applying/ tracking/ obtaining communication related to tax registration is clearly laid down				
• Costs incurred for obtaining registration were in line with the prescribed fees as per state's policies				
PROFESSIONAL TAX REGISTRATION				
• Approximate number of days required for professional tax registration				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of the professional tax registration procedures in the state is satisfactory				
• Information on the procedures to be followed are easily available				
• Time taken for registration is reasonable				
• Number of forms to be filled for registration are not too many				
• Forms to be filled are simple and self- explanatory				
• Process for applying/ tracking/ obtaining communication related to tax registration is clearly laid down				
• Costs incurred for obtaining registration were in line with the prescribed fees as per state's policies				
F. TAX PAYMENT				
	Strongly Disagree	Disagree	Agree	Strongly Agree
STATE EXCISE				
Overall experience of state excise payment procedures in the state is satisfactory				
• Information on the procedures to be followed for state excise payment are easily available				
• Number of times state excise payment needs to be made in a year is not too many				
• State excise payment processes are easy to comply to				
• Documentation for compliance requirement is simple				
• Process for excise payment is clearly laid down				
VAT				
Overall experience of VAT payment procedures in the state is satisfactory				
• Information on the procedures to be followed for VAT payment are easily available				
• Number of times VAT payment needs to be made in a year is not too many				
• VAT payment processes are easy to comply to				
• Documentation for compliance requirement is simple				
• Process for filing tax returns & payment is clearly laid down				
ENTRY TAX				
Overall experience of entry tax payment procedures in the state is satisfactory				
• Information on the procedures to be followed for entry tax payment are easily available				
• Number of times entry tax payment needs to be made in a year is not too many				
• Entry tax payment processes are easy to comply to				
• Documentation for compliance requirement is simple				
• Process for filing entry tax returns and payment is clearly				

laid down				
PROFESSIONAL TAX				
Overall experience of professional tax payment procedures in the state is satisfactory				
• Information on the procedures to be followed for professional tax payment are easily available				
• Number of times professional tax payment needs to be made in a year is not too many				
• Professional tax payment processes are easy to comply to				
• Documentation for compliance requirement is simple				
• Process for filing tax returns and payment is clearly laid down				
G. INCENTIVES				
• Are you availing any subsidy/ reimbursement from the state government? <i>(For example, VAT reimbursement, interest subsidy, capital subsidy, power duty exemption, stamp duty exemption etc.)</i>	Yes		No	
	Strongly Disagree	Disagree	Agree	Strongly Agree
 #(if yes) Overall process for availing subsidies/ incentives / refund from the state government is satisfactory				
• Information on the procedures to be followed for availing subsidies/ reimbursements are easily available				
• Time taken for availing incentives is reasonable				
• Number of forms to be filled for availing incentives are not too many				
• Forms to be filled for availing incentives are simple and self-explanatory				
• Processes for availing subsidies/ reimbursements are simple and easy to follow				
• Process for applying/ tracking/ obtaining communication related to tax registration is online/IT enabled				
• Number of visits to concerned departments / institutions for obtaining incentives is not too many				
• Please highlight the top three processes for availing subsidies/ incentives / refund from the state government where user experience can be further improved	<ul style="list-style-type: none"> • VAT reimbursement • Interest subsidy • Capital subsidy • Power duty exemption • Stamp duty subsidy • R&D subsidy • Others (Please fill) 			

Other Suggestions *(Please indicate any other comments / suggestions you may have and that have not been captured above)*

4. Labour Related Compliances (Please rate your experience pertaining to labour related compliances in your state and the quality of state delivered services **Please fill in and tick (mark 'Y') where appropriate.**)

H. REGISTRATION				
• Approximate number of days required for obtaining registration under Employees State Insurance Act				
• Approximate number of days required for obtaining registration under Contract Labour (Regulation and Abolition) Act				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience pertaining to the efficiency and ease of registration under labour laws in the state is satisfactory				
• Information on the registration procedures are easily available				
• Time taken for registration is reasonable				
• Number of forms to be filled for registration are not too many				
• Forms to be filled are simple and self-explanatory				
• Processes/ procedures for registration are clearly laid down				
• Process for applying/ tracking/ obtaining communication related to registration is online / IT enabled				
• Costs incurred for obtaining registration are in line with the prescribed fees as per state's policies				
• Please highlight the priority acts pertaining to registration where user experience can be further improved (<i>please highlight at-least one</i>)	<ul style="list-style-type: none"> • Employees State Insurance Act, • Contract Labour (Regulation and Abolition) Act, • Inter State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, • Others (Please specify) 			
I. COMPLIANCE				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience pertaining to efficiency and ease of ensuring compliance under the labour laws is satisfactory				
• Please highlight the top three acts pertaining to compliance where user experience can be further improved	<ul style="list-style-type: none"> • Payment of Wages Act, • Minimum Wages Act, • Industrial Disputes Act, • Maternity Benefit Act, • Apprentices Act, • Payment of Bonus Act, • Equal Remuneration Act, • Representation of the People Act, • Employee Compensation Act, • Labour Welfare Fund Act, • Factories & Establishment (National and 			

	Festival and Other Holidays) Act, • Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, • Contract Labour Act, • Payment of Gratuity Act, • Personal Injuries Act, • Others (please specify)			
	Strongly Disagree	Disagree	Agree	Strongly Agree
• Information on procedures for compliance is easily available				
• Information on the processes for compliance is adequate				
• Time taken for ensuring compliance is reasonable				
• Time taken for inspection of compliance related documents is reasonable				
• Number of forms / returns to be filled are not too many				
• Number of times returns/ forms are filled is not too many				
• Documentation requirements are simple				
• Inspection process is objective and based on well-defined procedures				

Other Suggestions *(Please indicate any other comments / suggestions you may have and that have not been captured above)*

5. Infrastructure & Utilities Related Regulations *(Please rate your experience of the infrastructure and utilities related regulations in your state and the quality of state delivered services **Please fill in and tick (mark ‘Y’) where appropriate.***

J. NEW UTILITY CONNECTIONS (WATER, SEWERAGE, POWER)				
WATER CONNECTION				
<ul style="list-style-type: none"> Approximate number of days required to get a new water connection 				
<ul style="list-style-type: none"> Approximate number of forms required to be filled for a new water connection 				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of the processes and systems for obtaining the utility service is satisfactory				
<ul style="list-style-type: none"> Time taken for obtaining new connection is reasonable 				
<ul style="list-style-type: none"> Time taken for inspection prior to obtaining new connection is reasonable 				
<ul style="list-style-type: none"> Inspection process is objective and based on well-defined procedures 				
<ul style="list-style-type: none"> Costs incurred for obtaining new connection is in line with the prescribed fees as per state's policies 				
<ul style="list-style-type: none"> Forms / information pertaining to obtaining new connections / inspection processes are easily available 				
<ul style="list-style-type: none"> Forms to be filled for are simple and self-explanatory 				
<ul style="list-style-type: none"> Number of visits to concerned departments / institutions for obtaining new connection is not too many 				
<ul style="list-style-type: none"> Process for availing clearances, approvals etc.is clearly laid down 				
SEWERAGE CONNECTION				
<ul style="list-style-type: none"> Approximate number of days required to get a new sewerage connection 				
<ul style="list-style-type: none"> Approximate number of forms required to be filled for a new sewerage connection 				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of the processes and systems for obtaining the utility service is satisfactory				
<ul style="list-style-type: none"> Time taken for obtaining new connection is reasonable 				
<ul style="list-style-type: none"> Time taken for inspection prior to obtaining new connection is reasonable 				
<ul style="list-style-type: none"> Inspection process is objective and based on well-defined procedures 				
<ul style="list-style-type: none"> Costs incurred for obtaining new connection is in line with the prescribed fees as per state's policies 				
<ul style="list-style-type: none"> Forms / information pertaining to obtaining new connections / inspection processes are easily available 				
<ul style="list-style-type: none"> Forms to be filled for are simple and self-explanatory 				
<ul style="list-style-type: none"> Number of visits to concerned departments / institutions for obtaining new connection is not too many 				
<ul style="list-style-type: none"> Process for availing clearances, approvals etc.is clearly laid down 				

POWER CONNECTION				
• Approximate number of days required to get a new power connection				
• Approximate number of forms required to be filled for a new power connection				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of the processes and systems for obtaining the utility service is satisfactory				
• Time taken for obtaining new connection is reasonable				
• Time taken for inspection prior to obtaining new connection is reasonable				
• Inspection process is objective and based on well-defined procedures				
• Costs incurred for obtaining new connection is in line with the prescribed fees as per state's policies				
• Forms / information pertaining to obtaining new connections / inspection processes are easily available				
• Forms to be filled for are simple and self-explanatory				
• Number of visits to concerned departments / institutions for obtaining new connection is not too many				
• Process for availing clearances, approvals etc. is clearly laid down				
K. FIRE NOC AND LICENSE RENEWAL				
• Approximate number of days required to get a new Fire NOC & license / renewal				
• Approximate number of forms required to be filled for a new fire NOC & license / renewal				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of the processes and systems for obtaining / renewing Fire NOC & License is satisfactory				
• Time taken for obtaining new license / renewal is reasonable				
• Time taken for inspection prior to obtaining new license / renewal is reasonable				
• Inspection process is objective and based on well-defined procedures				
• Costs incurred for obtaining new license / renewal is in line with the prescribed fees as per state's policies				
• Forms / information pertaining to obtaining new license / renewal processes are easily available				
• Forms to be filled are simple and self-explanatory				
• Number of visits to concerned departments / institutions for obtaining new license / renewal is not too many				
• Process for availing license / renewal is clearly laid down				

Other Suggestions (Please indicate any other comments / suggestions you may have and that have not been captured above)

6. Land & Building Related Regulations (Please rate your experience of the land and building related regulations in your state and the quality of state delivered services **Please fill in and tick (mark ‘Y’) where appropriate.**)

L. AVAILING LAND				
<ul style="list-style-type: none"> Please highlight the category you belong to 	<ul style="list-style-type: none"> Land availed from land bank Land availed in industrial estate Others 			
LAND BANK				
<ul style="list-style-type: none"> Approximate number of days required for acquiring land, from land bank in the state 				
	Strongly Disagree	Disagree	Agree	Strongly Agree
<ul style="list-style-type: none"> Overall experience pertaining to acquisition of land from land bank was satisfactory 				
<ul style="list-style-type: none"> Time taken to acquire land from land bank was reasonable 				
<ul style="list-style-type: none"> Costs incurred for availing land is in line with the prescribed fees as per state's policies 				
<ul style="list-style-type: none"> Forms / information pertaining to availing land is easily available 				
<ul style="list-style-type: none"> Forms to be filled for are simple and self-explanatory 				
<ul style="list-style-type: none"> Process for availing land is clearly laid down 				
<ul style="list-style-type: none"> Number of departments visited for availing land is not too many 				
<ul style="list-style-type: none"> Number of visits to various departments for availing land is not too many 				
INDUSTRIAL ESTATE				
<ul style="list-style-type: none"> Approximate number of days required for allotment of land in industrial estates 				
	Strongly Disagree	Disagree	Agree	Strongly Agree
<ul style="list-style-type: none"> Overall experience pertaining to allotment of land in industrial estates was satisfactory 				
<ul style="list-style-type: none"> Time taken for allotment of land in industrial estates was reasonable 				
<ul style="list-style-type: none"> Costs incurred for availing land is in line with the prescribed fees as per state's policies 				
<ul style="list-style-type: none"> Forms / information pertaining to availing land is easily available 				
<ul style="list-style-type: none"> Forms to be filled for are simple and self-explanatory 				
<ul style="list-style-type: none"> Process for availing land is clearly laid down 				
<ul style="list-style-type: none"> Number of departments visited for availing land is not too many 				
<ul style="list-style-type: none"> Number of visits to various departments for availing land is not too many 				
OTHER SOURCES				
<ul style="list-style-type: none"> Approximate number of days required for acquiring land from other sources in the state 				

	Strongly Disagree	Disagree	Agree	Strongly Agree
• Overall experience pertaining to acquisition of land from other sources was satisfactory				
• Time taken to acquire land from other sources was reasonable				
• Cost incurred for acquisition of land from other sources was reasonable				
• Costs incurred for availing land is in line with the prescribed fees as per state's policies				
• Forms / information pertaining to availing land is easily available				
• Forms to be filled for are simple and self-explanatory				
• Process for availing land is clearly laid down				
• Number of departments visited for availing land is not too many				
• Number of visits to various departments for availing land is not too many				
M. CONVERSION OF LAND				
• Approximate number of days required for conversion of land for industrial use				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of conversion of land for industrial purposes is satisfactory				
• Time taken for conversion of land is reasonable				
• Costs incurred for conversion of land is in line with the prescribed fees as per state's policies				
• Forms / information pertaining for conversion of land is easily available				
• Forms to be filled for are simple and self-explanatory				
• Process for conversion of land is clearly laid down				
• Number of departments visited for conversion of land is not too many				
• Number of visits to various departments for conversion of land is not too many				
N. MUTATION OF LAND				
• Approximate number of days required for mutation of land				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of the mutation process is satisfactory				
• Time taken for mutation of land is reasonable				
• Costs incurred for mutation of land is in line with the prescribed fees as per state's policies				
• Forms / information pertaining for mutation of land is easily available				
• Forms to be filled are simple and self-explanatory				
• Process for mutation of land is clearly laid down				
• Number of departments visited for mutation of land is not too				

many				
• Number of visits to various departments for mutation of land is not too many				
O. REGISTRATION OF LAND				
• Approximate number of days required for registration of land				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of the registration process is satisfactory				
• Time taken for registration of land is reasonable				
• Costs incurred for registration of land is in line with the prescribed fees as per state's policies				
• Forms / information pertaining for registration of land is easily available				
• Forms to be filled are simple and self-explanatory				
• Process for registration of land is clearly laid down				
• Number of departments visited for registration of land is not too many				
• Number of visits to various departments for registration of land is not too many				
P. APPROVALS WITH RESPECT TO BUILDING				
• Approximate number of days required for approval of building plan				
• Approximate number of days required for availing notice of occupancy / occupancy certificate				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of obtaining approvals is satisfactory				
• Time taken for obtaining building clearance/ occupancy certificate is reasonable				
• Costs incurred for obtaining building clearance/ occupancy certificate is in line with the prescribed fees as per state's policies				
• Forms / information pertaining for obtaining building clearance/ occupancy certificate is easily available				
• Forms to be filled are simple and self-explanatory				
• Process for obtaining building clearance is clearly laid down				
• Number of visits to concerned departments for obtaining building clearance / occupancy certificate is not too many				
• Number of departments visited for obtaining building clearance/ occupancy certificate is not too many				
• Time taken for inspection prior to obtaining building clearance/ occupancy certificate is reasonable				
• Inspection process prior to obtaining building clearance/ occupancy certificate is objective and based on well-defined procedures				

Other Suggestions (Please indicate any other comments / suggestions you may have and that have not been captured above)

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7. Environment Related Compliances (Please rate your experience related to the environment related compliances in your state and the quality of state delivered services. **Please fill in and tick (mark ‘Y’) where appropriate.**)

Q. CONSENT TO ESTABLISH				
• Approximate number of days required to get the consent				
• Approximate number of forms required to be filled				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of the processes and systems for obtaining the Consent to Establish is satisfactory				
• Time taken for obtaining Consent to Establish is reasonable				
• Costs incurred for Consent to Establish is in line with the prescribed fees as per state’s policies				
• Forms / information pertaining for obtaining Consent to Establish is easily available				
• Forms to be filled are simple and self-explanatory				
• Number of visits to concerned departments / institutions for obtaining Consent to Establish is not too many				
• Process for obtaining Consent to Establish is clearly laid down				
• Time taken for inspection prior to obtaining Consent to Establish is reasonable				
• Inspection process prior to obtaining Consent to Establish is objective and based on well-defined procedures				
R. CONSENT TO OPERATE				
• Approximate number of days required to get the consent				
• Approximate number of forms required to be filled				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of processes and systems of obtaining the Consent to Operate is satisfactory				
• Time taken for obtaining Consent to Operate is reasonable				
• Costs incurred for Consent to Operate is in line with the prescribed fees as per state’s policies				
• Forms / information pertaining for obtaining Consent to Operate is easily available				
• Forms to be filled are simple and self-explanatory				
• Process for obtaining Consent to Operate is clearly laid down				
• Number of visits to concerned departments / agencies for obtaining Consent to Operate is not too many				
• Time taken for inspection prior to obtaining Consent to Operate is reasonable				
• Inspection process prior to obtaining Consent to Operate is objective and based on well-defined procedures				

Other Suggestions (Please indicate any other comments / suggestions you may have and that have not been captured above)

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Thank you for your participation!

Questionnaire

Survey of Business Environment for Manufacturing, 2013

<For units set up at-least 3 years ago and requiring on-going compliance only >

Planning Commission of India, in collaboration with leading Chambers of Commerce, is undertaking a study to assess the business regulatory factors impacting manufacturing competitiveness across states in India. Through this questionnaire survey the Planning Commission intends to capture the experience of companies across the country on a number of regulatory compliance requirements spread across their life cycle, covering land and building, environment, infrastructure and utilities, fiscal incentives, taxes etc. This questionnaire survey is arranged in seven sections as mentioned below.

- *General Information*
- *Business Regulatory Experiences*
- *Finance and Tax Related Regulations*
- *Labour Related Compliances*
- *Infrastructure and Utilities Related Regulations*
- *Land and Building Related Regulations*
- *Environment Related Compliances*

Please find enclosed the letter from Planning Commission of India, requesting the industries to participate in this questionnaire survey.

The findings of this questionnaire survey will form an input to the strategy to be developed by the Planning Commission for improving the business regulatory environment for the manufacturing sector in India.

The estimated time for filling this survey will be around 25 - 30 minutes. In case you are not able to complete the survey in one sitting, there is a provision of saving the responses and retrieving it later. In case of any clarification, please feel free to contact

- *Ms. Madhusree Dasgupta*
Phone: 033 6612 1000
Email: inpcresponse@deloitte.com

All outputs from this survey will be reported on a “No Name” basis.

8. General Information

	Instructions
Name of the company*:	<i>Please mention the name of your company</i>
Name of the unit*:	<i>In case of a multi-unit company, please mention the name of your unit in the state. In case of a single unit company, the name of the company and the unit will be same</i>
State*:	
District*:	
Address:	<i>Please provide the full address of the unit in the your state</i>
Which category do you belong to?* ¹⁰ :	<i>Choose from the following list: Large, Medium, Small or Micro</i>
Ownership*:	<i>Choose from the following list:</i> <ul style="list-style-type: none"> <input type="radio"/> <i>public sector undertaking,</i> <input type="radio"/> <i>private sector undertaking,</i> <input type="radio"/> <i>individual promoter/sole-proprietorship,</i> <input type="radio"/> <i>partnership,</i> <input type="radio"/> <i>co-operative undertaking,</i> <input type="radio"/> <i>joint sector undertaking,</i> <input type="radio"/> <i>others</i>
Key sector(s)*:	<i>Please choose from the following list: Iron & Steel, Petroleum and Coal Products, Primary Metal, Fabricated Metal, Furniture, Paper and Paper Products, Food Manufacturing, Beverage and Tobacco, Textile, Apparel, Leather and Allied Products, Wood Product, Printing and Related Support Activities, Chemicals, Plastic and Rubber Products, Non Metallic Mineral Products, Machinery, Computer and Electronic Products, Electrical Equipment and Appliances, Transportation Equipment, Bamboo, Others (Please specify)</i>
Year in which the unit was set up*:	
Does your company have multiple ¹¹ manufacturing units?*	<i>Please indicate Yes or No</i>
Name of respondent*:	
Designation*:	
Phone No 1*:	
Email Id*:	

¹⁰ Large scale indicates capital investment in plant and machinery, over Rs. 10 crore; Medium Scale indicates capital investment in plant and machinery, between Rs. 5 crore to Rs. 10 crore; Small scale indicates capital investment in plant and machinery, between Rs 25 lakh to Rs. 5 crore. ; Micro indicates capital investment in plant and machinery of less than Rs. 25 lakhs

¹¹ A multiple unit company has its operations in more than one location

* Mandatory information requirement

2. Business Regulatory Experiences (Please rate your experience of the business regulatory atmosphere in your state and the quality of state delivered services. **Please fill in and tick (mark ‘Y’) where appropriate.**)

S. APPROVALS / CLEARANCES				
<ul style="list-style-type: none"> Please highlight the approvals / clearances / acts applicable for your unit 	<ul style="list-style-type: none"> Factories Act / Rules Weights & Measures Act Shops and Establishment Act Trade License Others (Please fill in) 			
FACTORIES ACT / RULES				
<ul style="list-style-type: none"> Approximate number of days required for issue / renewal of license under Factories Act / Rules 				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of availing / renewal of license under Factories Act / Rules is satisfactory				
<ul style="list-style-type: none"> Time taken for issue / renewal of license under Factories Act is reasonable 				
<ul style="list-style-type: none"> Costs incurred as fees charged for issue / renewal of license is in line with the prescribed fees as per state’s policies 				
<ul style="list-style-type: none"> Process for inspection of factory premises prior to issue / renewal of license is objective and based on well-defined procedures 				
<ul style="list-style-type: none"> Forms to be filled for availing / renewal of license is simple and self-explanatory 				
<ul style="list-style-type: none"> Forms / information pertaining to availing /renewal of license is easily available 				
<ul style="list-style-type: none"> Please highlight the top three areas under the Factories Act / Rules where user experience pertaining to inspection / compliance requirement can be further improved 	<ul style="list-style-type: none"> Site Permit Factory Plan Health Safety Welfare Working Hour Employment of Young Persons Annual Leave with Wages Others (Please fill in) 			
WEIGHTS AND MEASURES ACT				
<ul style="list-style-type: none"> Approximate number of days required for approval / renewal of approval under Weights & Measures Act 				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of availing approval / renewal under Weights and Measures Act is satisfactory				
<ul style="list-style-type: none"> Time taken for approval / renewal of approval is reasonable 				
<ul style="list-style-type: none"> Costs incurred as fees charged for approval / renewal of approval is in line with the prescribed fees as per state’s policies 				
<ul style="list-style-type: none"> Forms to be filled for availing the approval / renewal of 				

approval are simple and self-explanatory				
• Forms / information pertaining to availing the registration / approval or renewal is easily available				
SHOPS AND ESTABLISHMENT ACT				
• Approximate number of days required for registration / renewal of registration under Shops and Establishment Act				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of availing registration / renewal of registration under Shops and Establishment Act is satisfactory				
• Time taken for registration / renewal of registration is reasonable				
• Costs incurred as fees charged for registration / renewal of registration is in line with the prescribed fees as per state's policies				
• Forms to be filled for the registration / renewal of registration are simple and self-explanatory				
• Forms / information pertaining to the registration / renewal of registration is easily available				
TRADE LICENSE				
• Approximate number of days required for issue / renewal of trade license				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of availing / renewal of trade license is satisfactory				
• Time taken for availing / renewal of trade license is reasonable				
• Costs incurred as fees charged for availing / renewal of trade license is in line with the prescribed fees as per state's policies				
• Forms to be filled for availing / renewal of trade license are simple and self-explanatory				
• Forms / information pertaining to availing / renewal of the trade license is easily available				
OTHERS				
• Approximate number of days required for issue / renewal of other license				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of availing/ renewal of the approval / license / registration is satisfactory				
• Time taken for availing / renewal of the approval / license / registration is reasonable				
• Costs incurred as fees charged for availing / renewal of the approval / license / registration is in line with the prescribed fees as per state's policies				
• Forms to be filled for availing / renewal of the approval / license / registration are simple and self-explanatory				
• Forms / information pertaining to availing / renewal of the approval / license / registration is easily available				

T. DEPARTMENT OF INDUSTRY / DEPARTMENT OF MSME				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of Department of Industry / Department of MSME and the District Industry Centers is satisfactory				
• Time taken for responding to queries is reasonable				
• Forms / information pertaining to regulations / registration / approval / license etc. is easily available				
• Forms / information pertaining to regulations / registration / approval / license etc. is easily understandable and self-explanatory				
• Number of visits to the department for obtaining approvals / registration / license is not too many				

Other Suggestions (Please indicate any other comments / suggestions you may have and that have not been captured above)

3. Financial and Tax Related Regulations (Please rate your experience of the financial and tax related regulations in your state and the quality of state delivered services. **Please fill in and tick (mark ‘Y’) where appropriate.**)

U. TAX PAYMENT				
• Please highlight the payments applicable for your unit	<ul style="list-style-type: none"> • State Excise • VAT • Entry Tax • Professional Tax 			
• Approximate number of days required for state excise payment				
• Approximate number of days required for VAT payment				
• Approximate number of days required for entry tax payment				
• Approximate number of days required for professional tax payment				
	Strongly Disagree	Disagree	Agree	Strongly Agree
STATE EXCISE				
Overall experience of state excise payment procedures in the state is satisfactory				
• Information on the procedures to be followed for state excise payment are easily available				
• Number of times state excise payment needs to be made in a year is not too many				
• State excise payment processes are easy to comply to				
• Documentation for compliance requirement is simple				
• Process for excise payment is clearly laid down				
VAT				
Overall experience of VAT payment procedures in the state is satisfactory				
• Information on the procedures to be followed for VAT payment are easily available				
• Number of times VAT payment needs to be made in a year is not too many				
• VAT payment processes are easy to comply to				
• Documentation for compliance requirement is simple				
• Process for filing tax returns and payment is clearly laid down				

ENTRY TAX				
Overall experience of entry tax payment procedures in the state is satisfactory				
• Information on the procedures to be followed for entry tax payment are easily available				
• Number of times entry tax payment needs to be made in a year is not too many				
• Entry tax payment processes are easy to comply to				
• Documentation for compliance requirement is simple				
• Process for filing entry tax returns and payment is clearly laid down				
PROFESSIONAL TAX				
Overall experience of professional tax payment procedures in the state is satisfactory				
• Information on the procedures to be followed for professional tax payment are easily available				
• Number of times professional tax payment needs to be made in a year is not too many				
• Professional tax payment processes are easy to comply to				
• Documentation for compliance requirement is simple				
• Process for filing tax returns and payment is clearly laid down				
V. INCENTIVES				
• Are you availing any subsidy/ reimbursement from the state government? <i>(For example, VAT reimbursement, interest subsidy, capital subsidy, power duty exemption, stamp duty exemption etc.)</i>	Yes		No	
	Strongly Disagree	Disagree	Agree	Strongly Agree
#(if yes) Overall process for availing subsidies/ incentives / refund from the state government is satisfactory				
• Information on the procedures to be followed for availing subsidies/ reimbursements are easily available				
• Time taken for availing incentives is reasonable				
• Number of forms to be filled for availing incentives are not too many				
• Forms to be filled for availing incentives are simple and self-explanatory				
• Processes for availing subsidies/ reimbursements are simple				

Survey on Business Regulatory Environment for Manufacturing – State Level Assessment

and easy to follow				
• Process for applying/ tracking/ obtaining communication related to tax registration is online/IT enabled				
• Number of visits to concerned departments / institutions for obtaining incentives is not too many				
• Please highlight the top three processes for availing subsidies/ incentives / refund from the state government where user experience can be further improved	<ul style="list-style-type: none"> • VAT reimbursement • Interest subsidy • Capital subsidy • Power duty exemption • Stamp duty subsidy • R&D subsidy • Others (Please fill) 			

Other Suggestions *(Please indicate any other comments / suggestions you may have and that have not been captured above)*

4. Labour Related Compliances (Please rate your experience pertaining to labour related compliances in your state and the quality of state delivered services **Please fill in and tick (mark ‘Y’) where appropriate.**)

W. COMPLIANCE				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience pertaining to efficiency and ease of ensuring compliance under the labour laws is satisfactory				
<ul style="list-style-type: none"> Please highlight the top three acts pertaining to compliance where user experience can be further improved 	<ul style="list-style-type: none"> Payment of Wages Act, Minimum Wages Act, Industrial Disputes Act, Maternity Benefit Act, Apprentices Act, Payment of Bonus Act, Equal Remuneration Act, Representation of the People Act, Employee Compensation Act, Labour Welfare Fund Act, Factories & Establishment (National and Festival and Other Holidays) Act, Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, Contract Labour Act, Payment of Gratuity Act, Personal Injuries Act, Others (please specify) 			
	Strongly Disagree	Disagree	Agree	Strongly Agree
• Information on procedures for compliance is easily available				
• Information on the processes for compliance is adequate				
• Time taken for ensuring compliance is reasonable				
• Time taken for inspection of compliance related documents is reasonable				
• Number of forms / returns to be filled are not too many				
• Number of times returns/ forms are filled is not too many				
• Documentation requirements are simple				
• Inspection process is objective and based on well-defined procedures				

Other Suggestions (Please indicate any other comments / suggestions you may have and that have not been captured above)

5. Infrastructure & Utilities Related Regulations *(Please rate your experience of the infrastructure and utilities related regulations in your state and the quality of state delivered services **Please fill in and tick (mark 'Y') where appropriate.**)*

X. FIRE NOC AND LICENSE RENEWAL				
• Approximate number of days required to get a new Fire NOC & license / renewal				
• Approximate number of forms required to be filled for a new fire NOC & license / renewal				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of the processes and systems for obtaining / renewing Fire NOC & License is satisfactory				
• Time taken for obtaining new license / renewal is reasonable				
• Time taken for inspection prior to obtaining new license / renewal is reasonable				
• Inspection process is objective and based on well-defined procedures				
• Costs incurred for obtaining new license / renewal is in line with the prescribed fees as per state's policies				
• Forms / information pertaining to obtaining new license / renewal processes are easily available				
• Forms to be filled are simple and self-explanatory				
• Number of visits to concerned departments / institutions for obtaining new license / renewal is not too many				
• Process for availing license / renewal is clearly laid down				

Other Suggestions *(Please indicate any other comments / suggestions you may have and that have not been captured above)*

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6. Environment Related Compliances (Please rate your experience related to the environment related compliances in your state and the quality of state delivered services **Please fill in and tick (mark ‘Y’) where appropriate.**)

Y. CONSENT TO OPERATE				
• Approximate number of days required to get the consent				
• Approximate number of forms required to be filled				
	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall experience of processes and systems of obtaining the Consent to Operate is satisfactory				
• Time taken for obtaining Consent to Operate is reasonable				
• Costs incurred for Consent to Operate is in line with the prescribed fees as per state’s policies				
• Forms / information pertaining for obtaining Consent to Operate is easily available				
• Forms to be filled are simple and self-explanatory				
• Process for obtaining Consent to Operate is clearly laid down				
• Number of visits to concerned departments / agencies for obtaining Consent to Operate is not too many				
• Time taken for inspection prior to obtaining Consent to Operate is reasonable				
• Inspection process prior to obtaining Consent to Operate is objective and based on well-defined procedures				

Other Suggestions (Please indicate any other comments / suggestions you may have and that have not been captured above)

Thank you for your participation!

Survey of Business Environment for Manufacturing, 2013

Interaction tool - Government Department Stakeholders

General

1. Area of focus for the State in terms of any particular industry sector which they are keen to attract
2. Steps/ initiatives taken to attract industries in the focus sector in terms of improving the business regulatory environment (*collect any literature available in the department for the consumption of the applicants interested to set up a new industrial set up*)

New Industry/ expansion related clearances

3. Institutional framework for facilitating setting up of industry within the state with their scope of functions and powers (eg. Udyog Mitra in Bihar) – how do they provide regulatory clearances to manufacturing industries?
4. Is there a single window clearance mechanism in the state? If yes
 - a. From what investment threshold value is it valid?
 - b. Is it backed by a policy/ act having provision of deemed approvals?
 - c. Is action taken within a stated number of days?
 - d. Do they have a common application form which enables applicant to submit details and all relevant documentation at a single point?
 - e. Is there any mechanism for informing applicant on status of application?
 - f. What is the effectiveness of the system in terms of reducing the period of clearance, reducing the number of visits of the applicant? Any feedback from the industries on the effectiveness of the system.
 - g. Any bottleneck/ constraint faced with respect to implementing single window clearance system
5. Any separate clearance system for small industries/ specific sectors? If yes, details on the same
6. Any other initiatives taken by the State government to facilitate the applicant for new industries eg. web enabled online application etc (*please provide the website link*).
7. Typical number and name of state government departments/ agencies involved in the clearance process and the typical time taken for the clearance by each agencies.
8. Mechanisms/ forum for collaborating with Gol ministries/ agencies on regulatory approvals
9. Level of coordination/ monitoring eg. Industry Secretary/ Chief Secretary/ Chief Minister etc.
10. Mechanism for monitoring the process of clearances eg. formal monitoring committee set up to periodically monitor the process of clearances and backlogs. If there is any special mechanism:
 - a. Whether there is a fixed date every month for High level committee/ State Level committee meeting for clearing applications received within the intervening period
 - b. What type of reports are generated and its frequency & distribution list.- any specific report on pending approvals past due date with reasons, etc.
 - c. What are the key constraints / bottlenecks that are being faced which if rectified can further reduce time
11. Any feedback from industries on the business regulatory environment in terms of the issues faced by the entrepreneurs planning to set up new industry
12. Any good practice (*collect documents, reports, photographs, etc.*) – areas include labour, land & building, subsidy administration, registration processes, environment, infrastructure and tax administration (*web links of on line service provided, if any*)

Policy Initiatives and the overview of incentives

13. Overview of any industrial policy available in the state includes any sector specific policy such as manufacturing policy, food processing policy etc. (*Collect a copy of the industrial policy of the state and any sector specific policy such as manufacturing policy, food processing policy etc.*)
14. Overview of incentives for the new industries and the role of the industries department in facilitating the award of the same (*in terms of whether the application for the incentive is forwarded to the concerned department by industries department or whether the application has to be made directly to the concerned department*)
15. Whether any single window system/ simplified system is available for enabling of processing of the incentives
16. Role of the department in facilitating the industries in availing the incentives
17. Any feedback from the industries in terms of the time taken in getting the incentives and desirability of specific incentives
18. Any new policy level initiatives on the anvil for the state government
19. Policy for availing land from land banks/ industrial estates – especially for small industries?
20. Any key bottlenecks/ constraints in incentive policies/ industry policies, providing clearances, (Example – policies, coordination, organizational capacity, systems and processes, etc)
21. Any good practice (collect documents, reports, photographs, etc.)
22. Any issue that comes from specific areas based on analysis of survey results.

Check list documents to be collected (if not available through desk research):

1. State Industrial Policy
2. Application forms for starting/ expanding manufacturing units
3. Documents on good practices
4. Doing business documents of the state, if any
5. Incentive policies
6. Facilitation centers/ Help line numbers, if any – documentation on the same

Survey of Business Environment for Manufacturing, 2013

Questionnaire Checklist for Industry Associations

- Name of Respondent:
 - Designation:
 - Name of Industry Association
1. What are the key supports provided by the Industry Association to entrepreneurs in setting up manufacturing inputs with respect to regulatory compliance?
 2. What are the key concerns (top three) pertaining to manufacturing setups in the state that are raised on a regular basis in the Industry Association with respect to regulatory compliance and other inspection related issues.
 3. Please provide your inputs on the following aspects (Key elements – Capacity of the departments, coordination between departments and Time, Cost and Quality of services):
 - a. Time and cost taken for registration of units in the state (Eg: with respect to EM1, EM2, IEM and others mentioned in the industry questionnaire)
 - b. Ease of availing land in the state. Are there land banks or industrial parks from where ready land is available at a competitive price?
 - c. Is there a Single Window Clearance Mechanism in the state?
 - Effectiveness of the Single Window Clearance Mechanism in the state – time taken, presence of a Common Application Form (CAF), length and conciseness of the CAF, number of interactions required / coordination required for obtaining clearance through the SWCM, ease of filling the CAF
 - In the absence of a SWCM, time and taken for obtaining clearances / approvals; also the number of interactions required / coordination required for obtaining clearance
 - Specific inputs on ease of compliance for manufacturing units of small scale
 - If the above two answers are in the negative, what is the key reason for the dissatisfaction and what can be done to improve the process
 - d. For obtaining approvals for Factories Act, Weights & Measures Act, Shops and Establishment Act, Trade License, Employees State Insurance Act, Contract Labor Act, Inter State Migrant Workmen Act, Other Approvals (Please Specify) very complicated? *If yes, please indicate which part of the process is complicated or dissatisfactory.*
 - e. For obtaining regular renewals or for ensuring compliance on a regular basis, what are the processes for tax compliance (VAT, Excise, Entry Tax, Professional Tax), renewal of Factories Act, Weights & Measures Act, Shops and Establishment Act, Trade License, compliance to labour laws, obtaining renewal of fire NOC, consent to operate etc.
 - f. Please comment on the processes, on the above mentioned regulatory compliances (this will include – information sharing, no of forms to be filled up, number of visits to be made, number of departments to be visited, complexity of the forms to be filled and presence of IT systems.)
 4. Please comment on any good practice that the state has implemented with respect to regulatory compliances.
 5. How helpful is the Government/ Industry department in setting up manufacturing units in areas like information sharing, regular communication, etc.?
 - a. What are the key policies / regulatory support provided by the Departments?
 - b. What are the key issues in policy implementation, if any?
 6. What is the nature of interaction between the Industry Association and the Department?

- a. What is the mechanism, if any, through which industry association views are sought during related policy formulation
7. In the association's view what are the key reasons for bottlenecks/ constraints faced in business regulatory compliances – what are the top 3 measures in your view that the State Govt should adopt to overcome these bottlenecks/ constraints
8. Please share any other concern you may have pertaining to regulatory compliance, registration and inspections requirements of manufacturing units in the state
9. Please suggest means for improving the manufacturing regulatory environment in the state in terms of simplifying compliance procedures
10. Please share the following documents:
 - a. Sector Profile / Industry Profile
 - b. Knowledge paper / white paper on the manufacturing sector/ sector of the industry association (for sector specific industry associations), regulatory environment in the state
 - c. Good practices
 - d. Any other publications on business regulatory environment of the state

Annexure C – Ready reckoner for high level strategies for consideration of states

The current maturity levels of individual states in each of the regulatory compliance environment dimensions have been highlighted in the charts below. The chart also serves as a ready reckoner for high level strategies to be adopted by a particular state for moving to the next level of regulatory compliance maturity.

Please note that a state has been placed in top, middle or bottom 33.33 percentile of states for a particular parameter based on its overall rating achieved for that parameter. The overall rating for a parameter is based on the composite rating of the set of sub parameters comprising that parameter (kindly refer annexure A for the details on rating methodology). Please refer sections 3 through 8 of this report for a state’s relative performance on respective sub parameters.

Given that the categorization as top, middle or bottom 33.33 percentile of states has been done for each of the 6 parameters comprising the business regulatory environment, certain exceptions were observed for some state’s placement in a particular category against the respective sub parameter. The reasons for such exception have also been highlighted in the chart.

Finance and tax related compliances

Sub Parameters	Top 33.33 percentile	Middle 33.33 percentile	Bottom 33.33 percentile
States	<ul style="list-style-type: none"> Chhattisgarh Gujarat Haryana Himachal Pradesh Karnataka Kerala Maharashtra Tamil Nadu Uttarakhand 	<ul style="list-style-type: none"> Andhra Pradesh Assam Bihar Goa Madhya Pradesh Meghalaya Odisha Punjab Rajasthan Sikkim 	<ul style="list-style-type: none"> Arunachal Pradesh Jammu & Kashmir Jharkhand Manipur Mizoram Nagaland Tripura Uttar Pradesh West Bengal
VAT Registration	<p>Online system for VAT registration with average time taken of around 15 days</p> <ul style="list-style-type: none"> Online system in all states other than Haryana. However, in Haryana, average time taken is about a week and majority of the respondents expressed satisfaction on their experience with VAT registration Average time taken exceeds 15 days for Chhattisgarh & Maharashtra. However, majority of the respondents in these states expressed satisfaction on their experience with VAT registration 	<p>Online system for VAT registration with average time taken of around 20 days</p> <ul style="list-style-type: none"> Online system in all states other than Assam. However, majority of the respondents in Assam expressed satisfaction on their experience with VAT registration Average time taken exceeds 20 days in Meghalaya & Odisha. However, majority of the respondents in these states expressed satisfaction on their experience with VAT registration 	<p>Online system for VAT registration with average time taken of around 30 days</p> <ul style="list-style-type: none"> Average time taken exceeds 30 days in Arunachal Pradesh, Tripura & West Bengal

Survey on Business Regulatory Environment for Manufacturing – State Level Assessment

VAT Payment	<p>Online system for VAT payment with average time taken of around 1-2 days</p> <ul style="list-style-type: none"> Average time taken is about a week for Uttarakhand and Tamil Nadu. However, majority of respondents in these states expressed satisfaction on their VAT payment experience 	<p>Online system for VAT payment with average time taken of around 1-2 days</p> <ul style="list-style-type: none"> Average time taken exceeds 2 days in Assam, Madhya Pradesh & Rajasthan. However, majority of respondents in these states expressed satisfaction with the VAT payment experience 	<p>Online system for VAT payment with average time taken of around 2-9 days</p> <ul style="list-style-type: none"> Average time taken exceeds 9 days in Mizoram & Manipur
<p><i>Please note that for the sub parameter VAT Payment, there is not much difference on common characteristics of states placed in top 33.33 percentile and middle 33.33 percentile; the placement of the states in these categories is on account of the ratings achieved in the other 2 sub parameters, viz. VAT registration and Incentive administration</i></p>			
Incentive Administration	<p>Manual process of disbursement of incentive with average time taken in the range of 3-6 months</p> <ul style="list-style-type: none"> Online process in Gujarat & Tamil Nadu 	<p>Manual process of disbursement of incentive with average time taken in the range of 6-12 months</p> <ul style="list-style-type: none"> Online process in Assam & Andhra Pradesh. However, majority of the respondents in these states expressed low satisfaction with the time taken for disbursement of incentives Average time taken for disbursement of incentives is more than a year in Assam & Sikkim[#] 	<p>Manual process of disbursement of incentive with average time taken more than a year</p>
Note:	<p>[#] Sikkim is placed in middle 33.33 percentile of states for the parameter finance & tax compliances largely due to relatively better ratings in VAT registration and VAT payment</p>		

Labour law related compliances

Sub Parameters	Top 33.33 percentile	Middle 33.33 percentile	Bottom 33.33 percentile	
States	<ul style="list-style-type: none"> • Andhra Pradesh • Haryana • Karnataka • Madhya Pradesh • Manipur 	<ul style="list-style-type: none"> • Mizoram • Nagaland • Punjab • Rajasthan • Uttar Pradesh 	<ul style="list-style-type: none"> • Arunachal Pradesh • Chhattisgarh • Himachal Pradesh • Jammu & Kashmir 	<ul style="list-style-type: none"> • Meghalaya • Odisha • Tripura • West Bengal
Registration/ Renewal under Factories Act & Other labour law compliances	<p>Manual/ online system for registration/ renewal under Factories Act with average time taken of around 1 month</p> <ul style="list-style-type: none"> • Online process in Haryana, Karnataka, Rajasthan & Uttar Pradesh • Average time taken exceeds 1 month in Andhra Pradesh, Karnataka and Rajasthan. However, majority of the respondents in these states expressed satisfaction with regards to process for registration/ renewal 	<p>Manual system for registration/ renewal under Factories Act with average time taken of around 1-2 months</p> <ul style="list-style-type: none"> • Online process in West Bengal, however, majority of the respondents in West Bengal expressed low satisfaction on time taken which exceeds 2 months • Average time taken exceeds 2 months in Arunachal Pradesh; However, majority of the respondents expressed satisfaction with their experience on registration/ renewal 	<p>Manual system for registration/ renewal under Factories Act with average time taken of around 1.5 -3 months</p> <ul style="list-style-type: none"> • Average time taken exceeds 3 months in Maharashtra, Assam & Jharkhand • Average time taken is less than 1.5 months in Uttarakhand. However, many of the respondents expressed low satisfaction level with time taken & process for registration/ renewal on account of (i) excessive documentation requirements & (ii) inspections not being based on standard objective procedures 	

Infrastructure & utility related approvals

Sub parameter	Top 33.33 percentile	Middle 33.33 percentile	Bottom 33.33 percentile
States	<ul style="list-style-type: none"> Chhattisgarh Gujarat Haryana Madhya Pradesh Maharashtra 	<ul style="list-style-type: none"> Andhra Pradesh Arunachal Pradesh Bihar Himachal Pradesh Jammu & Kashmir 	<ul style="list-style-type: none"> Kerala Meghalaya Mizoram Odisha Punjab
Power Connection	<p>Online application system with tracking facility; average time taken for obtaining new connection being less than 3 months</p> <ul style="list-style-type: none"> Online application in all states other than Nagaland and Tamil Nadu. However, majority of the respondents in Nagaland and Tamil Nadu expressed satisfaction with the process Average time taken is around 3-5 months for Nagaland and Uttarakhand. However, majority of the respondents in these states expressed satisfaction with the time taken 	<p>Manual application system with average time taken ranging between 2-4 months</p> <ul style="list-style-type: none"> Average time is more than 9 months in Jammu & Kashmir and Meghalaya[#] Average time taken is around 1.5 months in Kerala. However, majority of the respondents expressed low satisfaction with the time taken 	<p>Manual application system with average time taken for allotment more than 3 months; most respondents' expressed low satisfaction on time taken as well as process effectiveness</p> <ul style="list-style-type: none"> Online application in Uttar Pradesh. However, majority of the respondents expressed low satisfaction with the process mainly on account of multiple visits required to be made to the concerned department Average time taken in Karnataka, Sikkim and West Bengal ranges between 2 – 3 months. However, majority of the respondents in these states expressed low satisfaction with the time taken
Note:	<p>[#] Jammu & Kashmir and Meghalaya is placed in middle 33.33 percentile of states for the parameter infrastructure & utilities related approvals largely due to relatively better ratings in water connection and fire license related approvals</p>		
Water Connection*	<p>Online application system with tracking facility; average time taken for obtaining new connection less than 1.5 months</p> <ul style="list-style-type: none"> Manual process in Chhattisgarh, Rajasthan and Uttarakhand. However, majority of the respondents in these states expressed satisfaction with the process Average time taken for Maharashtra is around 3 months[#] 	<p>Manual application system with average time taken for obtaining new connection less than 2 months</p> <ul style="list-style-type: none"> Manual process in all states other than Odisha^{##} Average time taken in Arunachal Pradesh is more than 2 months. However, majority of the respondents expressed satisfaction with the process 	<p>Manual application system with average time taken for obtaining new connection ranging between 1-4 months; most respondents' expressed low levels of satisfaction on time taken</p> <ul style="list-style-type: none"> Online process in Karnataka. However, majority of the respondents expressed low satisfaction with the process mainly on account of (i) complex documentation requirements, (ii) delays in conducting inspections and (iii) need for multiple visits to the concerned department/ agency

- Average time taken in Tripura^{###} is less than a month

Note: [#] Maharashtra is placed in top 33.33 percentile of states for the parameter infrastructure & utilities related approvals largely due to relatively better ratings in power connection and fire license related approvals
^{##} Odisha is placed in middle 33.33 percentile of states for the parameter infrastructure & utilities related approvals largely due to relatively lower ratings in power connection and fire license related approvals
^{###} Tripura is placed in bottom 33.33 percentile of states for the parameter infrastructure & utilities related approvals largely due to relatively lower ratings against power connection and fire license related approvals

Fire License*	Manual Processing with average time taken up to 1.5 months <ul style="list-style-type: none"> • Online application in Maharashtra, with average time taken being around 2 months 	Manual Processing with average time taken up to 1.5 months <ul style="list-style-type: none"> • Online tracking in Andhra Pradesh[#] 	Manual Processing with average time taken ranging between 1-2 months; most respondents' expressed low levels of satisfaction on process effectiveness <ul style="list-style-type: none"> • Average time taken is more than 2 months in West Bengal and Jharkhand • Average time taken in Assam & Sikkim is less than a month^{##}
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Note: [#] Andhra Pradesh is placed in middle 33.33 percentile of states for the parameter infrastructure & utilities related approvals largely due to relatively lower rating in power connection related approvals
^{##} Assam and Sikkim is placed in bottom 33.33 percentile of states for the parameter infrastructure & utilities related approvals largely due to relatively lower rating in power connection related approvals

* Responses on (i) water connection from Madhya Pradesh, Nagaland, Tamil Nadu and Manipur were not received as respondents in these states have not availed of water connection from the local Government body and were using their own bore wells, accordingly they had not provided any rating on their experience on obtaining water connections and (ii) fire license/ NOC from Chhattisgarh, Mizoram and Manipur were not received as respondents in these states have not applied for fire license and accordingly they had not provided any rating on their experience on applying for a fire license/ NOC

Land & building related approvals

Sub Parameters	Top 33.33 percentile	Middle 33.33 percentile	Bottom 33.33 percentile
States	<ul style="list-style-type: none"> Andhra Pradesh Gujarat Madhya Pradesh Nagaland Rajasthan 	<ul style="list-style-type: none"> Tamil Nadu Tripura Uttarakhand West Bengal 	<ul style="list-style-type: none"> Arunachal Pradesh Bihar Chhattisgarh Haryana Jammu & Kashmir Kerala Meghalaya Mizoram Odisha Sikkim Maharashtra Manipur Punjab Uttar Pradesh
Industrial Estates*	<p>Online application system with average time taken for allotment ranging between 1-3 months</p> <ul style="list-style-type: none"> Online processing in all states other than Madhya Pradesh, Nagaland, Tripura and West Bengal. However, majority of the respondents in these states expressed satisfaction with the process Average time taken is around 3-5 months in Gujarat, Uttarakhand and Rajasthan. However, majority of the respondents in these states expressed satisfaction with the process 	<p>Manual application system with average time taken for allotment around 2.5-4 months</p> <ul style="list-style-type: none"> Average time taken is around 5-6 months in Bihar and Odisha. However, majority of the respondents in these states expressed satisfaction with the process 	<p>Manual application system with average time taken for allotment being more than 6 months</p> <ul style="list-style-type: none"> Manual processing in all states other than Maharashtra. However, majority of the respondents in Maharashtra expressed low level of satisfaction with the process on account of (i) excessive documentation requirements and (ii) need for multiple visits to the concerned agency Average time taken is around 3-4 months in Goa and Punjab. However, majority of the respondents in these states expressed low satisfaction with the time taken & process on account of (i) complex documentation requirements and (ii) need for multiple visits to the concerned department/agency
Land End Use Conversion*	<p>Average time taken for land end use conversion ranging between 3-5 months</p> <ul style="list-style-type: none"> Average time taken is around 6-7 months in West Bengal[#] and Rajasthan. However, majority of the respondents in Rajasthan expressed satisfaction with the process Average time taken is around 1.5 months in Madhya Pradesh 	<p>Average time taken for land end use conversion around 5-6 months with low levels of satisfaction on time taken as well as process effectiveness</p> <ul style="list-style-type: none"> Average time taken is around 8-9 months in Haryana. However, majority of respondents in the state expressed satisfaction with the process Average time taken is less than 3 months in Bihar^{##} and Kerala. with majority of respondents in Kerala expressing low satisfaction with the time taken 	<p>Average time taken for land end use conversion more than 6 months</p> <ul style="list-style-type: none"> Average time taken is around 4-5 months in Karnataka and Himachal Pradesh. However, majority of the respondents in these states expressed low level of satisfaction with the time taken & process mainly on account of excessive documentation requirements

Survey on Business Regulatory Environment for Manufacturing – State Level Assessment

Note:	<p>[#] West Bengal is placed in top 33.33 percentile of states for the parameter land & building related approvals largely due to relatively better ratings in industrial estates and building plan approval</p> <p>^{##} Bihar is placed in middle 33.33 percentile of states for the parameter land & building related approvals largely due to relatively lower ratings in industrial estates and building plan approval</p>		
Building Plan Approval*	<p>Online application with tracking facility; average time taken for building plan approvals less than 2 months</p> <ul style="list-style-type: none"> Manual processing in Andhra Pradesh, Nagaland and Uttarakhand. However, majority of the respondents in these states expressed satisfaction with the process 	<p>Manual application process with average time taken for building plan approvals around 1-2 months</p> <ul style="list-style-type: none"> Online application with tracking facility in Chhattisgarh, Haryana and Odisha[#] Average time taken is around 3 months in Bihar. However, majority of the respondents in Bihar indicated satisfaction with time taken and process Average time taken is less than a month in Sikkim^{##} 	<p>Manual application process with average time taken for building plan approvals around 2-3 months, most respondents' expressed low levels of satisfaction on process effectiveness</p> <ul style="list-style-type: none"> Online processing in Karnataka and Maharashtra. However, majority of the respondents in these states expressed low level of satisfaction with the process mainly on account of multiple visits required to be made to the concerned department Average time taken is around a month in Punjab^{###} & Goa, and more than 3 months in Assam, Himachal Pradesh & Manipur. Most respondents in Goa expressed low satisfaction on the process on account of (i) excessive documentation requirements and (ii) need for multiple visits to the concerned department
Note:	<p>[#] Haryana, Odisha & Chhattisgarh features in the middle 33.33 percentile of states for the parameter land & building related approvals largely due to relatively lower ratings in industrial estates (for Odisha) and land end use conversion (for Haryana & Chhattisgarh)</p> <p>^{##} Sikkim features in the middle 33.33 percentile of states for the parameter land & building related approvals largely due to relatively lower ratings in industrial estates related approvals</p> <p>^{###} Punjab features in the bottom 33.33 percentile of states for the parameter land & building related approvals largely due to relatively lower ratings in industrial estates and land end use conversion</p>		

* Responses on (i) industrial estates from Arunachal Pradesh, Kerala & Tamil Nadu were not received as respondents in these states were not located in industrial estates. Accordingly, they had not rated their experience on allotment of land in industrial estates
(ii) land end use conversion from Arunachal Pradesh, Goa, J&K, Jharkhand, Manipur, Meghalaya, Mizoram, Nagaland, Odisha, Sikkim, Tamil Nadu, Tripura, Uttarakhand were not received as the respondents from these states did not have any experience in acquiring farm land and applying for conversion to industry end use and
(iii) Building plan approval from Jharkhand and Meghalaya were not received as respondents from these states did not have any experience related to approving building plans for their units and consequently could not rate the experience

Environmental clearances

Sub Parameters	Top 33.33 percentile	Middle 33.33 percentile	Bottom 33.33 percentile
States	<ul style="list-style-type: none"> • Bihar • Chhattisgarh • Haryana • Himachal Pradesh • Karnataka • Kerala • Maharashtra • Odisha • Tamil Nadu 	<ul style="list-style-type: none"> • Andhra Pradesh • Gujarat • Manipur • Meghalaya • Mizoram • Nagaland • Punjab • Rajasthan • Sikkim • Uttar Pradesh • West Bengal 	<ul style="list-style-type: none"> • Arunachal Pradesh • Assam • Goa • Jammu & Kashmir • Jharkhand • Madhya Pradesh • Tripura • Uttarakhand
Consent Establish	<p>to Online processing having tracking facility with average time taken ranging between 1-3 months</p> <ul style="list-style-type: none"> • Online processing in all states other than Kerala; tracking feature not there in Maharashtra • Average time taken is more than 3 months in Chhattisgarh. However, majority of the respondents expressed satisfaction with the process • Average time taken is less than a month in Kerala 	<p>Manual processing with average time taken ranging between 1-3 months</p> <ul style="list-style-type: none"> • Online processing in Gujarat, Punjab, Uttar Pradesh and West Bengal. However, majority of the respondents expressed low satisfaction with the time taken • Average time taken in Uttar Pradesh and Gujarat is around 3 – 4 months and in case of Andhra Pradesh it is around 6 months (while Andhra Pradesh has an online status tracking facility, processes are largely manual) 	<p>Manual processing with average time taken ranging between 1.5-4 months</p> <ul style="list-style-type: none"> • Online processing in Jammu and Kashmir. However, majority of the respondents expressed low satisfaction with the process on account of (i) need for multiple visits to the Pollution Control Board and (ii) inspection process not following standard objective procedures • Average time taken in Uttarakhand is around 5-6 months • Average time taken is less than a month in Goa. However, majority of the respondents expressed low satisfaction with the time taken and process on account of need for multiple visits to the Pollution Control Board
Consent Operate	<p>to Online processing having tracking facility with average time taken ranging between 1-3 months</p> <ul style="list-style-type: none"> • Online processing in all states other than Kerala; tracking feature not there in Maharashtra. Majority of the respondents in Maharashtra expressed satisfaction with the process and time taken • Average time taken is less than a month in Kerala 	<p>Manual or online processing with average time taken ranging between 1-4 months</p> <ul style="list-style-type: none"> • Online processing in Andhra Pradesh, Gujarat[#], Punjab, Uttar Pradesh and West Bengal. However, majority of the respondents in Andhra Pradesh, Punjab, Uttar Pradesh and West Bengal expressed low satisfaction with the time taken 	<p>Manual processing with average time taken being around 2-6 months</p> <ul style="list-style-type: none"> • Online processing in Jammu & Kashmir. However, majority of the respondents expressed low satisfaction with the process on account of (i) need for multiple visits to the Pollution Control Board and (ii) inspection process not following standard objective procedures • Average time taken in Jharkhand is more than 6 months • Average time taken in Arunachal Pradesh^{##} and Madhya Pradesh is less than 1.5 months. However, majority of the respondents in Madhya Pradesh expressed low level of satisfaction with the time taken

which was primarily on account of (i) delays in conducting inspections, (ii) inspections not based on standard objective procedures and (iii) complex documentation requirements

Note: [#] Gujarat is placed in middle 33.33 percentile of states for the parameter environmental clearances largely due to relatively lower ratings in consent to establish
^{##} Arunachal Pradesh features in bottom 33.33 percentile of states for the parameter environmental clearances achieved largely due to relatively lower ratings in consent to establish

Other business regulatory compliances

Sub Parameters	Top 33.33 percentile	Middle 33.33 percentile	Bottom 33.33 percentile	
States	<ul style="list-style-type: none"> Andhra Pradesh Gujarat Kerala Maharashtra Punjab 	<ul style="list-style-type: none"> Rajasthan Tamil Nadu Uttar Pradesh West Bengal 	<ul style="list-style-type: none"> Assam Bihar Chhattisgarh Haryana Himachal Pradesh Jammu & Kashmir Karnataka Madhya Pradesh Odisha Uttarakhand 	<ul style="list-style-type: none"> Arunachal Pradesh Goa Jharkhand Manipur Meghalaya Mizoram Nagaland Sikkim Tripura
Note:	<ul style="list-style-type: none"> Even though Assam does not have a single window mechanism, it is placed in middle 33.33 percentile of states for the parameter other business regulatory compliances largely due to relatively better ratings in EM I & EM II registrations Manipur is placed in bottom 33.33 percentile of states for the parameter other business regulatory compliances largely due to relatively lower ratings in EM II registration and single window mechanism (Manipur does not have a single window mechanism) 			
EM I Registration	<p>Online system with tracking for EM I registration with average time taken up to 7 days</p> <ul style="list-style-type: none"> Average time taken is more than 7 days in Maharashtra. However, majority of the respondents expressed satisfaction with the time taken & process 	<p>Manual system for EM I registration with average time taken up to 9 days</p> <ul style="list-style-type: none"> Online system in Assam, Karnataka, Odisha & Uttarakhand[#]. Majority of the respondents in Karnataka expressed low satisfaction with time taken and process largely on account of need for multiple visits to the concerned department Average time taken is more than 9 days in Odisha 	<p>Manual system for EM I registration with average time taken of up to 20 days</p> <ul style="list-style-type: none"> Online system in Jharkhand & Manipur. Majority of the respondents in Jharkhand expressed low level of satisfaction with time taken and process mainly on account of (i) need for multiple visits to the DIC and (ii) lack of information on filing process Average time taken is more than 20 days in Tripura, Sikkim & Jharkhand 	
Note:	[#] Uttarakhand features in middle 33.33 percentile of states for the parameter other business regulatory compliances largely due to relatively lower rating in single window mechanism			

Survey on Business Regulatory Environment for Manufacturing – State Level Assessment

EM II Registration	<p>Online system with tracking for EM II registration with average time taken less than 15 days</p> <ul style="list-style-type: none"> Average time taken is more than 15 days in Maharashtra and West Bengal. However, majority of the respondents expressed satisfaction with the process 	<p>Manual system for EM II registration with average time taken of around 16 days</p> <ul style="list-style-type: none"> Online system in Assam, Karnataka, Odisha[#] & Uttarakhand. Majority of the respondents in Assam & Karnataka expressed low satisfaction with process primarily on account of need for multiple visits to the DIC Average time taken exceeds 20 days in Assam, Karnataka & Odisha. However, majority of the respondents in Assam & Karnataka expressed satisfaction with time taken 	<p>Manual system for EM II registration with average time taken of around 20 days</p> <ul style="list-style-type: none"> Online system in Jharkhand with majority of the respondents expressing low satisfaction with time taken on account of i) need for multiple visits to the DIC and (ii) lack of information on filing process Average time taken is around 60 days in Arunachal Pradesh & Jharkhand
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Note: [#] Odisha features in middle 33.33 percentile of states for the parameter other business regulatory compliances largely due to relatively lower rating in EM I registration and relatively better rating in single window mechanism

Single Window Mechanism	<p>Single Window Mechanism covering all major departments; Common Application Form (CAF) and Tracking Mechanism</p> <ul style="list-style-type: none"> CAF in all states other than Rajasthan & Uttar Pradesh Tracking Mechanism in all states other than Andhra Pradesh, Punjab, Tamil Nadu & West Bengal 	<p>Single Window Mechanism with all major departments covered and Common Application Form (CAF)</p> <ul style="list-style-type: none"> Single Window Mechanism in all states other than Haryana and Assam. However, Haryana has set up an Investment Promotion Centre as single point contact agency for large/ mega projects Presence of tracking mechanism in Bihar All major departments covered in all states other than Himachal Pradesh and Jammu & Kashmir CAF in all states other than Bihar & Uttarakhand 	<p>No Single Window Mechanism</p>
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Survey on Business Regulatory Environment for Manufacturing – State Level Assessment

Volume II: State Specific Findings

Planning Commission, Government of India

March, 2014



Final Report

Audit • Tax • Consulting • Corporate Finance •

Disclaimer

Deloitte Touche Tohmatsu India Private Limited (DTTIPL) has been engaged by the Planning Commission, Government of India to carry out a Survey on Business Regulatory Environment for Manufacturing. The scope of work, approach & methodology, evaluation & rating framework for the study are as outlined in Volume I of the current report being submitted to the Planning Commission.

For purposes of the exercise, DTTIPL has used information obtained from various secondary information sources and primary interactions with various stakeholders including manufacturing units, industry associations and key state government officials. We have relied upon this information without any independent verification and our assessment is dependent on such information being complete and accurate in all material respects. We do not accept any responsibility or liability for any losses occasioned to any party as a result of our reliance on such information.

The study did not involve any in-depth review of the current policies or processes related to the business regulatory environment prevailing in the states.

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Contents

Volume II: State Specific Findings

Andhra Pradesh	2
Arunachal Pradesh	7
Assam	11
Bihar	15
Chhattisgarh	19
Goa	23
Gujarat	27
Haryana	31
Himachal Pradesh	35
Jammu & Kashmir	39
Jharkhand	43
Karnataka	47
Kerala	51
Madhya Pradesh	55
Maharashtra	51
Manipur	63
Meghalaya	67
Mizoram	71
Nagaland	75
Odisha	79
Punjab	83
Rajasthan	87
Sikkim	91
Tamil Nadu	95
Tripura	98
Uttar Pradesh	102
Uttarakhand	106
West Bengal	110

Volume II: State Specific Findings

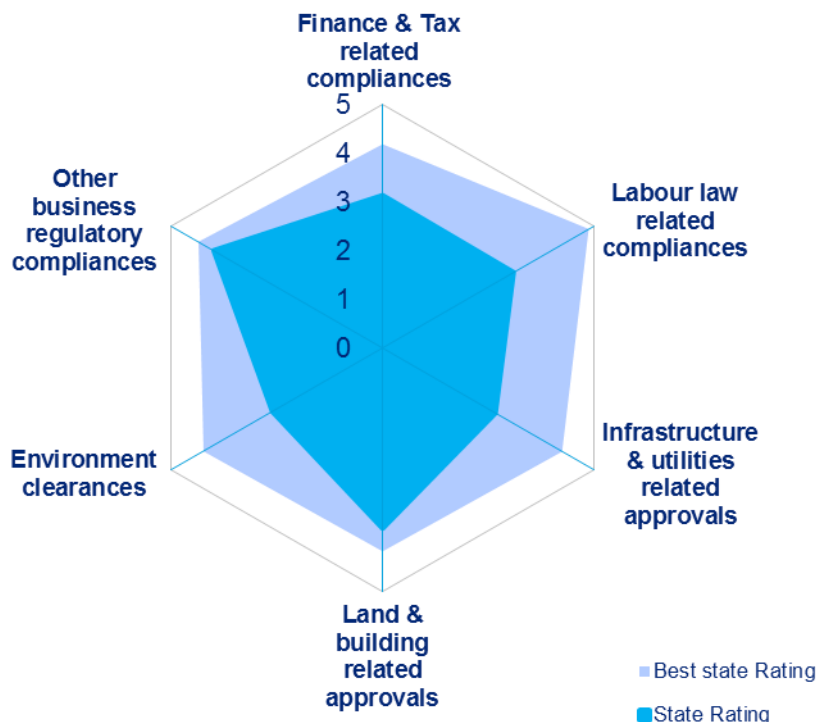
Andhra Pradesh

Snapshot – Manufacturing Sector

Ranked 5th in the country in terms of share of manufacturing GDP, contributing around 5.9% of manufacturing GDP in 2011-12

- Manufacturing sector contributed 12.0 % to Andhra Pradesh's GSDP in 2011-12, with a CAGR of 7.6% between 2007-08 and 2011-12
- The sector employed around 4.4 million people in 2009-10 representing around 11 % of Andhra Pradesh's working population
- The top 3 sectors based on contribution to the state's manufacturing GDP were:
 - Pharmaceuticals, medicinal chemical & botanical products;
 - Non-metallic mineral products; and
 - Manufacture of basic iron & steel are

Business Regulatory Environment – Key Findings



Finance & Tax Related Compliances

- Registration for state VAT and submission/ payment of VAT is online (Registration: https://registration.apct.gov.in/ctdportal/DLRServices/Dlremai_login.aspx & submission: <https://registration.apct.gov.in/ctdportal/DlrServices/Payments/e-PaymentGeneral.aspx>). As per feedback from industries associations, the complete process approximately takes around 1 day with the state featuring in the top 20 percentile with respect to VAT registration as well as VAT payment.
- According to Andhra Pradesh Industrial Investment Promotion Policy (IIPP), reimbursement of 100%, 50% & 25% on VAT/ CST or State Goods and Services Tax (SGST) are provided to micro, small and medium/ large enterprises for a period of 5 years from the date of commencement of commercial production.
- Majority of the entrepreneurs met indicated that getting VAT and other incentive reimbursements are difficult and usually take 6-12 months or more; however, the reimbursement procedure/ process is easy to follow and is available online. The respondents were not satisfied with the time taken in reimbursing incentives.

Stakeholders Comments on Infrastructure

- Getting land is relatively easier in the State, where the entire Government land bank for industrial land is well organized, although private land acquisition including conversion of land may take a time of 6-12 months.
- Many industrial units highlighted inadequate power availability as a constraint, with the Government resorting to power import as well as allowing open access. However, 'Electronic Hardware Industry' companies are exempt from the purview of power cuts on similar lines as the IT/ ITES Industry in the state. Hence, the effects of the scarcity have not been felt by these industrial units.
- Connectivity including rail and road/ highways, ports was indicated as satisfactory.

- All applications for State subsidies/ reimbursements can be submitted online (<http://em.apindustries.gov.in>). However, majority of the respondents expressed low satisfaction with regards to time taken for disbursement of incentives. Feedback from industry associations as well as industries indicated that the primary cause of delays in obtaining refunds/ reimbursements was due to excessive documentation requirement and limited budget allocation by the State towards such subsidies.

Labour Law Related Compliances

- IIPP provides for self-certification for all industrial units except hazardous industries in respect of labour and factories regulations.
- It takes around 35 days to obtain/ renew the Factories Licence with the state featuring in the top 40 percentile of states for time taken to obtain/ renew Factories License.
- Though obtaining/ renewing licenses under Factories Act is not online, majority of the respondents were satisfied with the process. Majority of respondents expressed satisfaction with their experience in labour law related compliances.

Infrastructure & Utilities Related Approvals

- The state does not have an online system for application and processing of utilities connections with the current application processing being largely manual
- On an average, power connection requires 75 days corresponding to top 40 percentile of states in this category. Average time for water connections is around 30 days corresponding to the top 60 percentile of states.
- Most respondents indicated satisfaction on the experience of obtaining water connections.
- Most respondents indicated low satisfaction on the experience of obtaining power connection. Feedback from respondents and industry associations suggest that for getting power connection, multiple visits are required and response time in the department was not satisfactory. There was also absence of clearly laid out processes for availing the same.
- However, under IIPP all industries having installed capacity of power up to 75 HP are exempted from obtaining prior Factory Plan approval from Factories Directorate.
- The average period for obtaining Fire NOC & License is 17 days, with the state featuring in the top 40 percentile in this category. The state has an online system in place for tracking status of application for obtaining or renewal of Fire NOC. Majority of respondents are satisfied with the experience of obtaining/ renewing of Fire NOC.

Innovative/ Good Practices

- The entire land bank of Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) has been made available online (<http://kpi.apiic.in:8111/KPI/apiicfi/VacantPlots.jsp>). Industrial Park (IP) wise information of these land parcels including size & land rates are available along with the propose/ proposed use of the IP. The entrepreneur may now apply online (with data and time stamped acknowledgement) for such land parcels according to requirement in various IPs across the state.
- All industry related state corporations have prepared Citizen Charters with specific timelines for improving user experience.
- Andhra Pradesh 'Commissionerate of Industries' along with 'AP Invest' and FICCI has brought out a publication titled "Doing Business with Andhra Pradesh" in the year 2007; this document provides comprehensive information to investors for making industrial investments in Andhra Pradesh.
- Recognizing that water is a key requirement for a number of industries, Andhra Pradesh has a policy for reserving 10% of water from all water sources for industrial use.

Land & Building Related Approvals

- Allocation of land in the state managed industrial estates takes about 90 days, with the state featuring in the top 40 percentile in this category. Information on the entire land bank of Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) has been made available online (<http://kpi.apiic.in:8111/Online%20Application/>).
- Conversion of end use of land requires about 3 months corresponding to the top 40 percentile of states in this category. Though majority of the respondents were satisfied with the process, the industrial associations highlighted that the revenue department sometimes took a long time in sanctioning such permissions; given the requirement to get No Objection Certificates from institutions (schools, hospitals etc.) and residents in panchayat areas leading to delays in completing the process.
- Approval for building plan approximately takes 30 days, with the state featuring in the top 40 percentile in this category. Majority of the respondents were satisfied with the building plan approval process, although the process is largely manual.

Environment Clearances

- Getting Consent to Establish and Consent to Operate required 180 days (corresponding to the bottom 20 percentile of states) and 100 days (corresponding to the bottom 40 percentile of states) respectively. Majority of respondents were not satisfied with the time taken for obtaining these consents.
- With both compliance processes being largely manual, majority of the respondents were not satisfied with their effectiveness. Majority of respondents were not satisfied with the process in place for obtaining Consent to Operate on account of (i) delay in inspections and (ii) standard objective procedures not being followed; it was further indicated that there were repeated demands for additional documents during inspections.

Other Business Regulatory Compliances

- Andhra Pradesh features in the top 20 percentile, with around 1 day being taken to get EM-1 registration. It takes an average of 5 days to get an EM-2 registration, with the state featuring again in the top 20 percentile of states. The submission of EM-1 and EM-2 can be done online (<http://em.apindustries.gov.in>). Majority of the respondents expressed satisfaction with the EM registration experience.

Suggestions by Stakeholders

- Specific exit rules for businesses need to be framed, specific rules dealing with closure of 'sick manufacturing units' also need to be framed.
- Mandatory Credit Rating for enterprises, although subsidized, is an unnecessary requirement that enterprises have to spend on, as in most cases this rating does not lead to cheaper credit from banks.
- Rationalize checklist required for Single Window Clearances.

- The state already has a Single Window Mechanism (SWM) under the 'Andhra Pradesh Industrial Single Window Clearance Act, 2002', with a common application form and comprising the State Investment Promotion Board (SIPB) chaired by the Chief Minister and State Investment Promotion Committee (SIPC) chaired by the Chief Secretary. SWM is primarily a coordinating mechanism with processing of approvals taking place at the respective line departments. After application at the district or state level, it may take up to 30-45 days to get sanctions/ approvals/ clearances through the SWM. The district level SW Committee is chaired by the District Collector and the state level SW Committee is chaired by the Commissioner of Industries. Although the state has provisions for deemed approval (in case the state departments do not meet the prescribed time limits for clearances), feedback from respondents indicates that delays arise due to demand for additional documents by the state departments along with the need to visit various departments individually.
- Majority of respondents were not satisfied with the industries departments/ District Industries Centre (DIC) for time taken by them for responding to industries' needs.

Strategic Initiatives for consideration of the State

While the state features in the top 33.33 percentile of states in labour law related compliances, Land & Building related approvals and other business regulatory compliances, it features in the middle 33.33 percentile in finance & tax related compliances, infrastructure & utility related approvals and environmental clearances.

- As regards finance & tax related compliances, there is a need to improve the effectiveness of the incentive disbursement process. The Government may consider streamlining the subsidy/ reimbursement claims process by defining a time frame for such payments, and strengthening the monitoring mechanism for ensuring adherence to committed timelines.
- On infrastructure & utility related approvals, there is scope for deployment of IT-enabled (including GIS-enabled applications) processes with strong monitoring mechanisms for both power and water connections, thereby cutting down on time for processing new applications and increasing process effectiveness and transparency levels.
- Environmental clearance is the other area which needs to be improved significantly. The Government could consider adopting an IT-enabled system for both the Consent to Establish and Consent to Operate approvals, with a facility for internal monitoring of timelines and milestones by senior officials and tracking of applications by the applicants. Standard document checklists for submission as well as standard procedures for inspection may be transparently shared with both staff as well as applicants to improve process effectiveness and cut down processing time.

While Andhra Pradesh already features in the top 33.33 percentile for other Business Regulatory Compliances, it can aim to improve its Single Window Mechanism further by:

- Revising and standardizing the list of required documents which are required for applying through the Single Window (making it comprehensive) and thereby avoiding the possibility of delays on account of demand for further documents from the line departments.
- Revision of time limits for individual clearances under Single Window Mechanism may be considered with a view to making them reasonable while strengthening the monitoring mechanism for ensuring adherence.

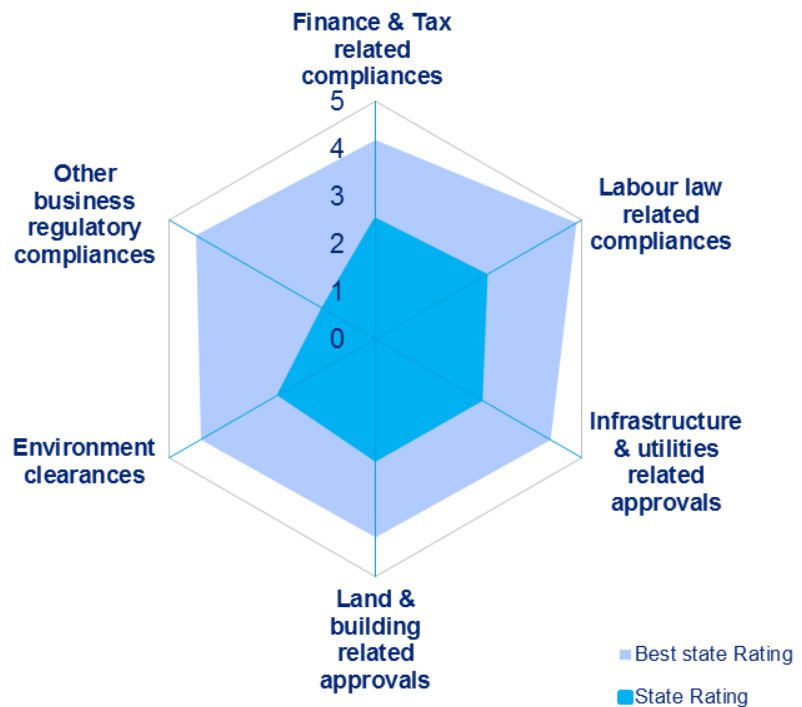
Arunachal Pradesh

Snapshot – Manufacturing Sector

Ranked 27th in the country in terms of share of manufacturing GDP, Arunachal Pradesh contributed around 0.02% of India's manufacturing GDP in 2011-12

- Manufacturing sector contributed 2.2 % to Arunachal Pradesh's GSDP in 2011-12, with a CAGR of 5.2% between 2007-08 and 2011-12
- The top three sectors in manufacturing are:
 - Agro based & Food processing industries,
 - Forest based: and
 - Handicrafts & textile

Business Regulatory Environment – Key Findings



Finance & Tax Related Compliances

- Complete process of application for state VAT registration takes about 39 days corresponding to the bottom 20 percentile of states. Based on discussions with industry associations and industries it is understood that though the application for VAT registration is through an online process, the industries still need to submit hard copies of the supporting documents along with the hardcopy of the application form. VAT payment takes about 2 days and can be done online (http://web4.kar.nic.in/arunachalereg/Registration_Options.aspx). Majority of the respondents expressed satisfaction with their experience in VAT registration and payment.
- The State Industrial Policy provides various fiscal incentives with the objective to promote industrialization in the state. Key fiscal incentives include 99% exemption on state VAT and state Entry tax, price preference and purchase preference for local industries, subsidy on preparation cost of feasibility project report, power subsidy, incentive for quality control, exemption of stamp duty and additional state capital investment subsidy. Further, specific industries in Arunachal Pradesh are eligible for benefits under various Central Government policies like North East Industrial and Investment Promotion Policy (NEIIPP) etc.

Stakeholders Comments on Infrastructure

- Industries have expressed concern over the availability and quality of power in the state
- The stakeholders have expressed concerns over lack of infrastructure like road network, power, water and tele-communication in the industrial estates

- It takes more than a year to avail incentives. Majority of the respondents were not satisfied with the experience of availing incentives. Feedback from respondents and industry associations indicated the key issues for the same were (i) significant delay in processing claims for subsidies, (ii) complex documentation requirements (iii) absence of information on the procedures and (iv) need for multiple visits to the concerned department.

Labour Law Related Compliances

- Registration/ renewal of licenses under Factories Act is not IT enabled and requires around 65 days (which places the state in the bottom 40 percentile of states). However, majority of the respondents expressed satisfaction with the experience of registration/ renewal of licenses under Factories Act.
- Majority of respondents expressed satisfaction with the experience of complying with other labour related laws in the state.

Infrastructure & Utilities Related Approvals

- The state does not have an online system for application and processing of utilities connections and fire NOC, with the current application processing being largely manual.
- The state featured in bottom 60 percentile of states for Fire NOC & License with around 19 days taken to issue a fire license/ NOC. Majority of the respondents expressed satisfaction with their experience in obtaining Fire NOC.
- The state features in bottom 20 percentile for water connection with around 80 days required for obtaining a new connection. Majority of the respondents expressed low satisfaction with regards to the time taken to obtain a new water connection. However, most of the respondents expressed satisfaction with respect to the processes involved.
- Power connection requires on an average 100 days corresponding to bottom 40 percentile; the delays were primarily due to time taken for load sanctioning. However, majority of the respondents expressed satisfaction with their experience in obtaining a new power connection.

Land & Building Related Approvals

- Feedback from respondents from Arunachal Pradesh indicated that most of them belonging to micro & small sector had not applied for land end use conversion while setting up units on their own privately held land. Consequently, they had no experience with the land conversion process in the state.
- Approval for building plan approximately takes about 40 days corresponding to the top 60 percentile of the states. Based on feedback received from industry association and industries, it is understood that, the process is not online and requires excessive documentation & multiple visits to the concerned agency. Majority of the respondents expressed satisfaction with their experience in obtaining building approvals.

Suggestions by Stakeholders

- Stakeholder feedback suggests that the level of information sharing with respect to business regulatory environment and benefits provided under various schemes needs to be improved
- The industries sought modifications in checklists and processes for availing subsidies after considering local conditions. Key suggestions from stakeholders include simplification of documentation processes and standardization of checklists for supporting documents to be submitted

Environment Clearances

- The application process for Consent to Establish (CTE) and Consent to Operate (CTO) is not online.
- Obtaining Consent to Establish takes around 104 days corresponding to the bottom 20 percentile of states. Majority of the respondents expressed low satisfaction with the time taken on account of (i) complex documentation requirements and (ii) multiple visits to the department were required for obtaining the CTE. However, majority of respondents were satisfied with the process for obtaining CTE.
- Consent to Operate takes 42 days (corresponding to the top 40 percentile of states). Majority of the respondents were satisfied with the experience of obtaining CTO.

Other Business Regulatory Compliances

- The EM filing process is manual. With around 7 days being taken to get EM-1 registration, the state features in the bottom 40 percentile of states. It takes an average of 60 days to get an EM-2 registration, with the state featuring in the bottom 20 percentile. However, most of the respondents expressed satisfaction with the experience of obtaining EM registrations.
- There is currently no Single Window Clearance mechanism in the state for facilitating entrepreneurs with required information and processing of applications for setting up a new manufacturing unit.
- Majority of the respondents were satisfied with the experience of interacting with the Industries Department/ DICs primarily on account of the support provided by the Industries Department/ DICs in terms of information related to compliances/ regulations

Strategic Initiatives for consideration of the State

The state features in the middle 33.33 percentile of states in infrastructure & utility related approvals, labour law related compliances and land & building related approvals. However, it features in the bottom 33.33 percentile in other business regulatory compliances, environmental clearances and finance & tax related compliances.

- To strengthen the overall business regulatory environment, the state, may consider setting up a single window mechanism for receiving required applications for clearances/ approvals/ licenses at a single point through a common application form for setting up a manufacturing unit. The mechanism should also provide the facility for monitoring the status of application processing at the respective departments
 - The process for administering subsidies/ incentives needs to improve significantly. The state government could consider providing standard document checklists for submission as well as standard procedures for processing which may be transparently shared with both staff as well as applicants to improve process effectiveness and reduce processing time
- The state may also consider implementing an IT based monitoring system to track status of processing of applications at the concerned departments

for ensuring that disbursements/ refunds can be made within a specified time limit

- Environmental clearance is the other area which needs to be improved significantly. The Government could consider adopting an IT-enabled system for both the Consent to Establish and Consent to Operate approvals, with a facility for internal monitoring of timelines and milestones by senior officials and tracking of applications by the applicants. Standard document checklists for submission as well as standard procedures for inspection may be transparently shared with both staff as well as applicants to improve process effectiveness and cut down processing time.
- To strengthen the processing of applications for obtaining water, power connections and fire license/ NOC, consider developing online systems for receiving applications and tracking
- For improving the process of labour law related compliances, standard procedures for inspection required for obtaining licenses under the Factories Act may be developed and transparently shared with both staff as well as applicants to improve process effectiveness. Further, the state may consider implementing an online system for filing and tracking Factories Act related licences.

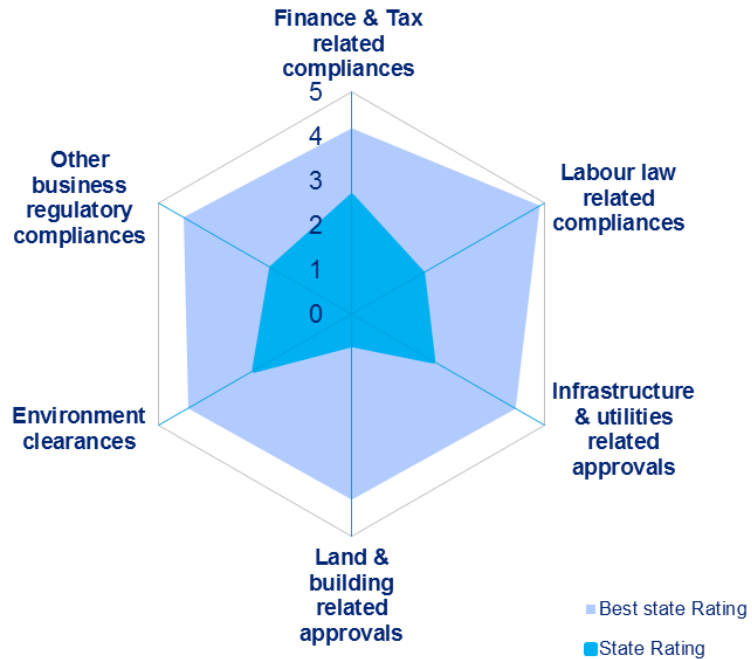
Assam

Snapshot – Manufacturing Sector

Ranked 19th in the country in terms of share of manufacturing GDP, contributing around 0.8% of manufacturing GDP in 2011-12

- Manufacturing sector contributed 7.7 % to Assam's GSDP in 2011-12, with a CAGR of 6.5% between 2007-08 and 2011-12
- The sector employed around 0.5 million people in 2009-10 representing around 4.1 % of Assam's working population
- The top 3 sectors based on contribution to the state's manufacturing GDP are:
 - Pharmaceutical,
 - Petroleum refining; and
 - Chemical products

Business Regulatory Environment – Key Findings



Finance & Tax Related Compliances

- State VAT registration process is manual and takes around 20 days with the state featuring in the bottom 40 percentile of states. However, majority of the respondents expressed satisfaction on their experience with VAT registration.
- Option for online payment of taxes is available (http://www.idbi.com/onlinetax/AssamTax/Assam_Payment_TIN.asp) with majority of the respondents expressing satisfaction with the payment process. It takes around 9 days for making VAT payment mainly due to delay in receiving VAT payment confirmation from the concerned department.
- As part of the Industrial Policy of Assam, 2008, investors can avail several fiscal and tax incentives including interest subsidy on term loans provided to micro industrial units, power subsidy and tax exemption under Assam Value Added Tax Act and Central Sales Tax Act. In addition, the Central Government also provides several benefits under the North Eastern Industrial Investment & Promotion Policy.
- The State has set up “E-Udyog” which provides a facility to file applications online for subsidy claims under NEIIPP, eligibility certificate & power subsidy claims under State incentive schemes. However, after submitting the online application form which generates an acknowledgement receipt;

Stakeholders Comments on Infrastructure

- Interactions with entrepreneurs indicate that acquisition and conversion of agricultural land in the state for industrial purposes has become very difficult over the last few years thereby limiting land available for setting up manufacturing units
- The State is power deficit and owing to inadequate distribution infrastructure within the industrial estates, investors need to set up their own transmission network for last mile connectivity

the supporting documents have to be submitted manually to the concerned District Industries Centre. Through the system, the department can track the status of the applications online (<http://diccassam.com/>); however, currently there is no provision for investors to track the status of their applications.

- Majority of the respondents were not satisfied with their experience on availing subsidies. Entrepreneurs have indicated that availing subsidies under state schemes is complex and usually takes around 1-2 years. Interactions with State Government officials indicated that disbursement of State subsidies is often delayed as it is subject to availability of funds with the Department.

Labour Laws Related Compliances

- Registration/ renewal of licenses under Factories Act requires around 109 days, with the state featuring in the bottom 20 percentile of states. However, majority of the respondents expressed satisfaction with the experience of obtaining/ renewing licenses under Factories Act. The process is manual.
- Majority of the respondents expressed low satisfaction on other labour law related compliances on account of inspections in this regard not following any standard procedures. Further it was indicated all industrial units in the state are mandatorily required to employ 90% of their total workforce from within the state which becomes difficult in the absence of skilled manpower.

Infrastructure & Utilities Related Approvals

- Fire NOC application process is manual and takes around 15 days with the state featuring in the top 40 percentile of states. Most of the respondents were satisfied with the experience of obtaining/ renewing the license.
- Water connection approval process is manual and takes around 38 days with the state featuring in the bottom 60 percentile. Majority of the respondents were satisfied with their experience of obtaining a water connection.
- Power connection application process is manual and requires around 150 days with the state featuring in the bottom 20 percentile. Majority of the respondents expressed low satisfaction with regards to experience of obtaining power connections on account of complex documentation requirements and the need to make multiple visits to the concerned department.

Land & Building Related Approvals

- Allocation of land in the state managed industrial estates takes about 240 days with the State featuring in the bottom 20 percentile of states; majority of the respondents indicated low satisfaction with the experience due to

Suggestions by Stakeholders

- Entrepreneurs were of the view that the Transport Subsidy scheme must be made applicable to intra-state transfer of goods along with inter-state transfer
- It was suggested that the documentation process for availing subsidies be simplified. Micro and Small Scale industries opined that they find it difficult to comply with the documentation requirements for availing subsidies provided by the North East Industrial and Investment Promotion Policy, 2007 (NEIIPP) and Transport Subsidy Scheme (TSS)

complex documentation requirements and need to make multiple visits to the concerned department

- Conversion of end use of land requires about 6 months corresponding to the bottom 20 percentile of states. Majority of the respondents expressed low satisfaction with their experience with conversion of end use of land on account of lack of standard objective procedures and excessive documentation requirements.
- Approval for building plan approximately takes 103 days which corresponds to the bottom 20 percentile of states. Interactions with industrial units and industry associations indicated that an investor needs to obtain approvals from the State Pollution Control Board before getting the building plan approved which delays the entire process. The approval process is not IT enabled. Majority of the respondents expressed low satisfaction with regards to the experience of obtaining building approvals due to multiple visits to be made, lack of clearly laid down processes and complex documentation requirements.

Environment Clearances

- The state does not have an online system for application and processing of environmental clearances with the current application processing being largely manual.
- Consent to Establish and Consent to Operate takes around 50 days and 60 days respectively with the state featuring in top 40 percentile of the states. Majority of the respondents were satisfied with the time taken for obtaining these clearances.
- Interactions with respondents indicate low satisfaction with regards to process of obtaining Consent to Establish on account of inspections not being based on standard objective procedures and complex documentation requirements.

Other Business Regulatory Compliances

- EM-1 registration only takes a day in Assam (corresponding to top 20 percentile of states) as the process is online (<http://diccassam.com/>). However, it takes an average of 29 days to get an EM-2 registration, with the state featuring in the bottom 40 percentile though majority of the respondents indicated satisfaction with the time take and process to obtain EM 2.
- The state does not have a Single Window Clearance Mechanism resulting in investors having to approach the respective line departments for obtaining various clearances.
- Majority of respondents were not satisfied with the experience of interacting with the Industries Department/ DICs primarily on account of (i) significant time taken to respond to queries and (ii) multiple visits required for obtaining approvals/ registrations/ licenses.

Strategic Initiatives for consideration of the State

The state features in the middle 33.33 percentile of states in other business regulatory compliances and finance & tax related compliance. However, it

features in the bottom 33.33 percentile in environmental clearances, infrastructure & utility related approvals, labour law related approvals and land & building related approvals.

- For improving the process of obtaining incentives, E-Udyog being used by entrepreneurs for filing online applications for subsidy claims under NEIIPP may be strengthened, to enable entrepreneurs to upload all the supporting documents in the system and also track the status of their applications
- Consider developing a comprehensive information sharing mechanism with investors / investor associations on requirements for obtaining various clearances including those related to issue of license under Factories Act, building plan approval, power connection, consent to establish and consent to operate;
- For inspection process in pollution control and labour law compliances, the state may consider developing standard operating procedures to increase transparency and efficiency of the process
- For ensuring disbursement of subsidies under state schemes takes place within a specified time limit, the respective departments may consider implementing a monitoring system to track the application processing
- To improve the overall business regulatory climate, the state may consider implementing a two-tier Single Window Mechanism, for requisite approvals/clearances, at district level for small & micro industries and state level for medium, large & mega industries, supported by a robust IT enabled online application submission and monitoring system.
- For increasing the efficiency of land allotment within industrial estates, the state may consider adopting an IT/ GIS enabled land application and land allotment system which enables sharing of information in a transparent manner

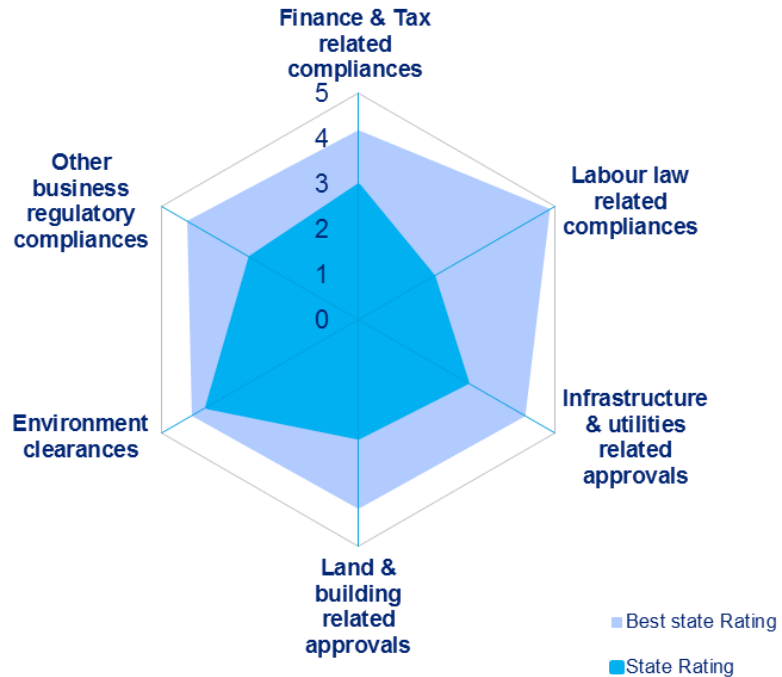
Bihar

Snapshot – Manufacturing Sector

Ranked 17th in the country in terms of share of manufacturing GDP, contributing around 1% of manufacturing GDP in 2011-12

- Manufacturing sector contributed 5.8% to Bihar's GSDP in 2011-12, with a CAGR of 11.4% between 2007-08 and 2011-12
- The sector employed around 1.4 million people in 2009-10 representing around 5.1% of Bihar's working population
- The top 3 sectors based on contribution to the state's manufacturing GDP are:
 - Refined petroleum products,
 - Tobacco products; and
 - Non-metallic mineral products

Business Regulatory Environment – Key Findings



Finance & Tax Related Compliances

- The registration for VAT requires around 9 days corresponding to the top 40 percentile of states, the registration process being partly online (www.biharcommercialtax.gov.in/bweb/) and partly manual. Post registering online, the required documents need to be submitted manually at the Department. Majority of the respondents expressed satisfaction with the VAT registration experience.
- Tax payment can be done online (www.biharcommercialtax.gov.in/bweb/) and requires on an average 1 day, corresponding to the top 20 percentile of the states. Majority of the respondents expressed satisfaction with the VAT payment experience.
- The Government of Bihar introduced the Bihar Industrial Incentive Policy in 2011 which has provisions for granting incentives such as 100 percent exemption from Stamp Duty and Registration Fees during the pre-production phase, capital subsidies for industrial units, re-imbursalment of 80 percent of state VAT and subsidies on nonconventional sources of energy production.
 - It takes around 6-12 months to avail incentives. Majority of respondents were not satisfied with the experience of administering the various incentives due to complex documentation requirements and lack of standard objective procedures in processing of applications.

Stakeholders Comments on Infrastructure

- Land for industry in the state is limited and is difficult to obtain given that the state does not have an identified land bank
- There is a need for development of industrial infrastructure like road network and improve quality power supply.

Labour Law Related Compliances

- Registration/ renewal of licenses under Factories Act is a manual process and requires 70 days on average placing the state in the bottom 20 percentile of states. Most respondents expressed low satisfaction with the time taken for registration/ renewal of factories license. However, majority of the respondents were satisfied with the process for the same.
- Majority of the respondents expressed satisfaction with regards to their experience on other labour law related compliances.

Infrastructure & Utilities Related Approvals

- The state does not have an online system for application and processing of utilities connections and fire NOC, with the current application processing being largely manual.
- Obtaining a power connection requires 64 days on an average, with the state featuring in the top 20 percentile of states. Many respondents expressed low satisfaction with the time taken to obtain a new power connection due to multiple visits required to be made to the concerned department.
- Obtaining a water connection on an average takes 25 days with the state featuring in the top 40 percentile. Majority of respondents were satisfied with the experience of obtaining a water connection.
- Availing Fire NOC & License requires on an average 29 days, corresponding to the top 60 percentile of the states. Most respondents were satisfied with the experience of obtaining/renewing Fire NOC and license.

Land & Building Related Approvals

- Allocation of land in the state managed industrial estates generally takes 150 days with Bihar being placed in the bottom 40 percentile of states. Majority of respondents expressed that they were not satisfied with respect to time taken for land allotment. Feedback from Industry Associations and industry indicated that large number of documents was required to be submitted and the need for multiple visits to be made to the concerned agency for obtaining land allotment in state managed industrial estates. There is currently no online application system for applying for and processing land allotments in the industrial estates.
- Conversion of end use of land requires an average of 46 days corresponding to the top 20 percentile of states. Majority of the respondents expressed satisfaction with the process in place for conversion of end use of land however they were not satisfied with the time taken for the same.
- Building plan approval is manual and takes around 87 days placing Bihar in the bottom 20 percentile. However, majority of the respondents are satisfied with the experience of obtaining building plan related clearances.

Innovative/ Good Practices

- Though the government is not directly involved in acquiring land for investors, it is in the process of developing a new policy wherein private investors can develop industrial parks and avail incentives from the government (government will reimburse up-to 30% of the cost of developing the park, including the cost of land).
- The Government of Bihar has recently launched an online mechanism for submission and tracking of investment application. Real time update on the status of the application through SMS facility has been provided.
- Bihar implemented Right to Public Services Act in 2011 which guarantees providing services within stipulated timeframe. The Act includes providing certain business related clearances like land registration, land mutation, VAT registration, etc. For each of these services, there are dedicated citizen service centers wherein information is made available on providing the supporting documents and application is accepted on submission of all requisite documents with generation of a date / time stamp on the receipt. This receipt facilitates tracking of time taken for approving / providing feedback on the respective application.
- Jigyasha (+91 612-2233333) – a call center has been set up by GoB which enables getting information on various services provided by the government including business regulation related information.

Environment Clearances

- Feedback from industry association and industry indicated that the environmental clearance applications can be submitted online (<http://164.100.37.5/OCMMS-0.1/>).
- Obtaining Consent to Establish takes an average of 78 days corresponding to the top 60 percentile of states. Majority of respondents were satisfied with the experience of obtaining the Consent to Establish.
- Consent to Operate takes an average of 68 days corresponding to the top 60 percentile. Majority of respondents were not satisfied with their experience with regards to the time taken to obtain Consent to Operate.

Other Business Regulatory Compliances

- The EM filing process is manual. Bihar features in the bottom 40 percentile of states, with around 8 days required for EM-1 registration and around 16 days required to get an EM-2 registration. However, majority of the respondents expressed satisfaction with the experience of obtaining EM registration. Some respondents mentioned requirement of multiple visits to DICs to obtain the EM registration.
- The state has a Single Window Clearance Act 2006, with provision for deemed approval and a District Level Committee; State Investment Promotion Board functioning as the authority for proposal clearance. Additionally, Udyog Mitra, a society under the Industry Department was proposed to act as the nodal agency for the Single Window Mechanism (SWM). Feedback from respondents and industry associations indicated that, the SWM is not operating effectively and the investor had to approach the respective departments for clearances. Additionally, there is no Common Application Form, though a proposal for developing the same is in place.
 - The state has recently launched an online application and tracking mechanism for investment applications made for State Investment Promotion Board clearance (www.udyogmitrabihar.com)
- Majority of the respondents were not satisfied with the experience of interacting with the Industries Department/ DICs. A majority of respondents stated that they have to make multiple visits for obtaining approvals/ registrations/ licenses, and the time taken for resolution of queries was high.

Strategic Initiatives for Consideration of the State

While the state features in the top 33.33 percentile of states in environmental clearances, it features in the middle 33.33 percentile in finance & tax related compliances, infrastructure & utility related approvals, land & building related approvals and other business regulatory compliances and bottom 33.33 percentile in labour law related compliances.

- For improving labour law related compliances, the state may consider developing an online system for obtaining/ renewing licences under

Suggestions by Stakeholders

- Industries have stated that development of an effective Single Window Clearance Mechanism will help in simplifying processes, reducing delays and paper-work, and making the process investor friendly and transparent.
- According to entrepreneurs met, an online mechanism for availing the various incentives offered by the state would make the process faster and bring about greater transparency. It would also allow tracking status of applications.

Factories Act including a tracking mechanism. Also, the state may consider documenting standard operating procedures (SOPs) for inspection processes under factories act to increase transparency and efficiency of the process; strengthen capacity of inspectors and officers through training programs for improving awareness on provisions of various applicable laws/ regulations and on applying standard operating procedures.

- For increasing the efficiency of land allotment within industrial estates, the state may consider adopting an IT/ GIS enabled land application and land allotment system which enables sharing of information in a transparent manner
- The state can aim to improve its Single Window Clearance mechanism further by implementing an IT based system facilitating (i) online submission of forms and tracking of application status by the entrepreneurs (ii) monitoring of applications by the nodal agency
- For improving the incentives disbursement related approvals, the state may consider (i) simplifying documentation requirement for availing reimbursements along with a checklist of documents required to be appended with the application and (ii) developing a monitoring system for tracking application processing and disbursal of incentives / reimbursements for making the process less time consuming and more transparent
- Consider developing online systems for receiving applications and tracking processing of applications for obtaining water, power connections and fire license/ NOC

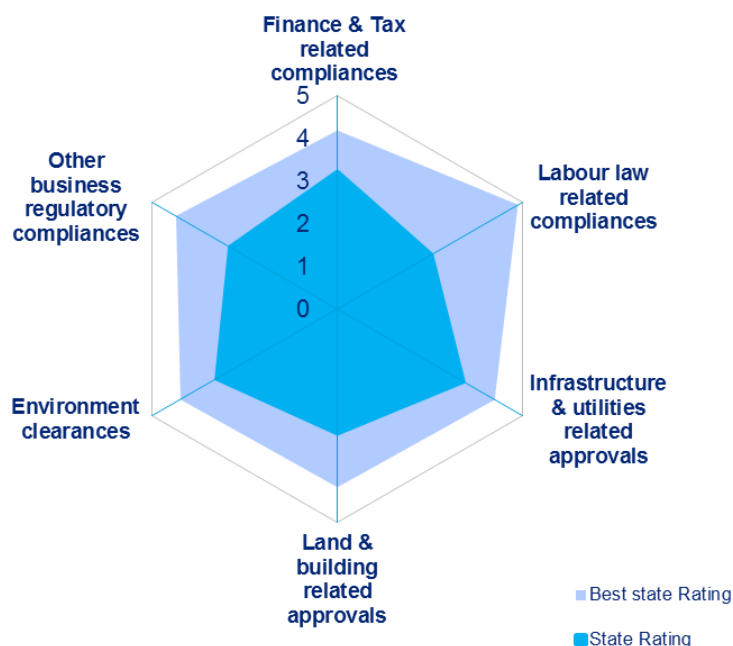
Chhattisgarh

Snapshot – Manufacturing Sector

Ranked 16th in the country in terms of share of manufacturing GDP, Chhattisgarh contributed around 1.7% of India's manufacturing GDP in 2011-12

- Manufacturing sector contributed 16.2 % to Chhattisgarh's GSDP in 2011-12, with a CAGR of (-) 1.5% between 2007-08 and 2011-12
- The sector employed around 0.5 million people in 2009-10 representing around 5% of Chhattisgarh's working population
- The top 3 sectors based on contribution to the State's GDP are:
 - Basic iron and steel,
 - basic precious and other non-ferrous metals
 - non-metallic mineral products

Business Regulatory Environment – Key Findings



Finance & Tax Related Compliances

- Application for State VAT registration can be done online (<https://cg.nic.in/eServices/Register>); complete process takes approximately 25 days which corresponds to the bottom 40 percentile of states. Based on discussions with industries, it was understood that hard copies of applications need to be submitted manually at the Department for registration.
- The state has an online tax VAT payment facility which usually takes about 1 day for payment, corresponding to top 20 percentile of states.
- The State Industrial Policy provides a list of subsidies, exemption and concessions which can be availed by industries in the state. Key fiscal incentives include Interest Subsidy, Fixed Capital Investment Subsidy, Exemption from Electricity Duty, Exemption from Stamp Duty, Exemption/Concession in premium on allotment of land in industrial area, Project report subsidy, Exemption from land diversion fee, Quality certification subsidy, technical patent subsidy and Mandi Fee reimbursement subsidy.
 - It takes around 3-6 months to avail incentives. Many respondents were not satisfied with their experience in availing incentives. Some of them, mainly belonging to small & medium sector indicated that availing capital subsidy takes significant time on account of procedural delays. Also, irregular meeting schedule of the sanctioning committee led to delays in disbursing incentives.

Stakeholders Comments on infrastructure

- Chhattisgarh being a power surplus state, most industries were satisfied with the availability and quality of power in the state
- Respondents commented that availability of land near existing industrial centers was limited.
- Stakeholders have commented on the lack of proper road network & railway infrastructure especially in the backward areas of the state
- State government officials highlighted limited land availability for industries on account of high forest coverage in the state.

Labour Law Related Compliances

- Registration/ renewal of licenses under Factories Act is a manual process and requires around 60 days, placing Chhattisgarh in the bottom 40 percentile of states. However majority of the respondents expressed satisfaction with the experience of registration/ renewal under Factories Act.
- Majority of respondents in Chhattisgarh were satisfied with the experience regarding other labour law related compliances in the State.

Infrastructure & Utilities Related Approvals

- Obtaining a water connection is a manual process which takes about 40 days with the state featuring in the bottom 40 percentile of states. However, most of the respondents were satisfied with the experience of obtaining water connections.
- Obtaining power connection requires around 85 days corresponding to top 60 percentile of states. The power connection application process is online ([http://www.cspdcl.co.in/cseb/\(S\(r4l2inp33dbffqkx20a51pzu\)\)/frmNewConnRegistration.aspx](http://www.cspdcl.co.in/cseb/(S(r4l2inp33dbffqkx20a51pzu))/frmNewConnRegistration.aspx)) and users can also check online the status of their application. Majority of the respondents were satisfied with the experience of obtaining a power connection in the State.
- Feedback from industry associations indicated low awareness amongst industry regarding requirement for fire NOC and license.

Land & Building Related Approvals

- Allocation of land in the state managed industrial estates takes around 75 days corresponding to the top 20 percentile of the states. However, the industry associations indicated that limited vacant plots are available in the industrial estates.
- The industry associations identified land acquisition & land end use conversion as key constraints for industries. Conversion of end use of land takes around 180 days corresponding to the bottom 40 percentile of states. Majority of respondents expressed low satisfaction regarding experience with conversion of end use of land on account of standard objective procedures not being followed.
- The building plan approval system is online (<http://164.100.131.141/bpmsraipur/index.php>). Approval for building plan approximately takes about 60 days corresponding to the bottom 20 percentile of states. However, majority of the respondents were satisfied with the experience of getting building plan approval.

Environment Clearances

- The environmental clearance applications can be filed online (<http://www.cg.nic.in/OCMMS-0.1/index.gsp>) and there is also the facility for tracking online the status of the application.
- It takes around 110 days to obtain Consent to Establish with Chhattisgarh corresponding to the bottom 20 percentile of states. Majority of respondents expressed low satisfaction regarding their experience with

Innovative/ Good Practices

- Empanelment of architects to grant approval to building plans up to a certain area, on account of absence of sufficient number of architects within the ULB
- State Industrial Policy has a provision for reservation of land for micro and small industries in large industrial areas for 20% of the allocable land
- Many states like Chhattisgarh have published ready reckoners in local languages to guide the industrial units on the process and documentation requirements for availing various incentives

Suggestions by Stakeholders

- Entrepreneurs were of the view that coordination mechanism among departments for facilitating single window clearance should be strengthened and online tracking systems should be set up that enable entrepreneurs to track the status of all their applications.
- Industry players suggested that departments should adhere to specified timelines for granting approvals/licenses

obtaining the same mainly on account of (i) inadequate information availability on the process for applying and (ii) multiple visits required for obtaining clearances.

- It takes around 72 days to obtain Consent to Operate with Chhattisgarh corresponding to the top 60 percentile of states. Many of the respondents were satisfied with regards to the process in place for obtaining the Consent to Operate however majority were not satisfied with their experience with respect to time.

Other Business Regulatory Compliances

- Chhattisgarh features in the top 60 percentile of states, with around 7 days being taken to get EM-I registration. However, it takes an average of 16 days to get an EM-2 registration where the state features in the bottom 40 percentile. The EM filing process is manual. However, majority of the respondents have expressed satisfaction with the experience of obtaining EM registration.
- While the state already has a Single Window Mechanism (SWM) (the nodal agencies being State Investment Promotion Board or District Industries Centres depending on the proposed investment) with a common application form, it is primarily a coordinating mechanism with processing of approvals taking place at the respective line departments. Feedback from both state government officials and industry associations indicated that the single window mechanism is not performing optimally and needs to be strengthened.
- Feedback from respondents suggested that they were satisfied with the experience of interacting with the Industries Department/ DICs primarily on account of the support provided in the form of assistance with availing subsidies and providing information regarding various compliances/licenses

Strategic Initiatives for consideration of the State

While the state features in the top 33.33 percentile of states in finance & tax related compliances, infrastructure & utility related approvals and environmental clearances, it features in the middle 33.33 percentile in land & building related approvals, other business regulatory compliances and labour law related compliances.

- While the state has already implemented a single window system, it may consider strengthening the system by institutionalizing a mechanism for monitoring of applications & providing time-bound approvals to prevent unjustified delays
- For increasing the efficiency of land allotment within industrial estates, the state may consider adopting an IT/ GIS enabled land application and land allotment system which enables sharing of information in a transparent manner
- With regards to conversion of land use from agriculture to non-agriculture, the state may consider (i) developing a comprehensive information sharing

- mechanism with investors/ investor associations on requirements for obtaining clearances and (ii) document standard operating procedures.
- Consider developing a comprehensive information sharing mechanism with investors / investor associations on requirements for obtaining various clearances including the ones related to issue of license under Factories Act. The state may also consider (i) documenting standard operating procedures (SOPs) for inspection processes under factories act to increase transparency and efficiency of the process and (ii) strengthen capacity of inspectors and officers through training programs for improving awareness on provisions of various applicable laws/ regulations and on applying standard operating procedures.

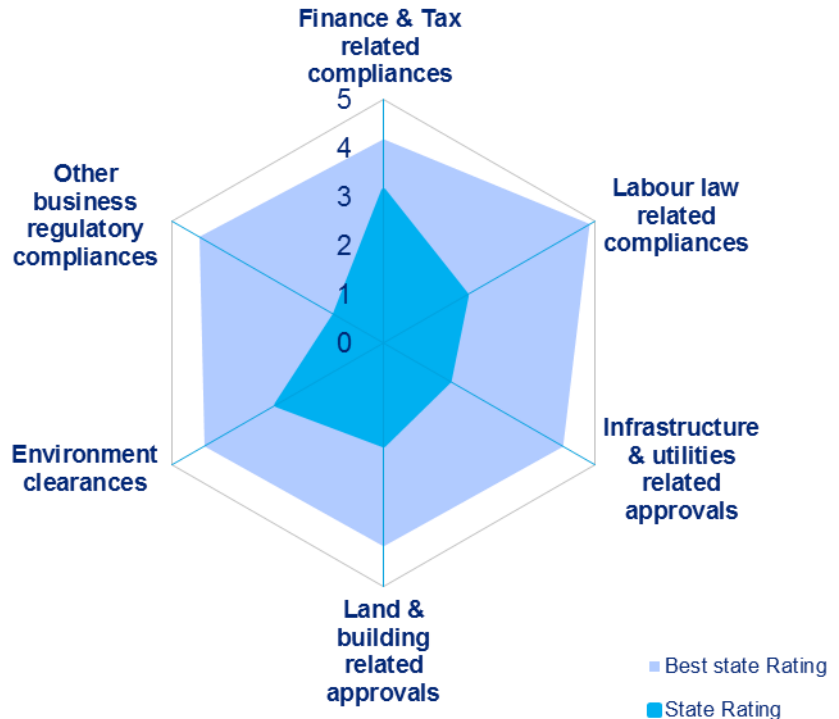
Goa

Snapshot – manufacturing Sector

Ranked 20th in the country in terms of share of manufacturing GDP, contributing 0.7% of manufacturing GDP in 2011-12

- Manufacturing sector contributed 25.1% to Goa's GSDP in 2011-12, with a CAGR of 6.2% between 2007-08 and 2011-12
- The top 3 sectors based on contribution to the State's GDP are:
 - Pharmaceuticals
 - Textiles
 - Food products

Business Regulatory Environment – Key Findings



Finance & Tax Related Compliances

- Application for State VAT registration can be done online (<https://egov.goa.nic.in/comtaxeservices/>); complete process approximately takes 6 days corresponding to the top 20 percentile of states. Majority of respondents were satisfied with the experience of registering for VAT in Goa.
- Online VAT payment option is also available. VAT payment takes around 2 days. Majority of the respondents expressed satisfaction regarding their experience with VAT payment.
- There are several incentive schemes available under the Goa Industrial Policy, 2003 including employment subsidy, capital contribution scheme and Interest subsidy scheme.
- It takes around 6-12 months to avail incentives. Majority of the respondents were not satisfied with the time taken to obtain incentives citing significant delays in fund transfer under incentive / subsidy schemes. However, majority of respondents were satisfied with the process in place for applying for incentives.

Stakeholder comments on Infrastructure

- The state is a power deficient state resulting in delays in securing power connection.
- Land availability for industry in the state is limited due to coastal area restrictions.
- Road network and rail connectivity needs to be improved.

Innovative/ Good Practice

- For EM-2, a recently introduced practice is to accept the EM-2 form even on the basis of acknowledgement of filing of application for applying for approvals to other departments such as Factories & Boilers department / PCB, instead of waiting for the actual EM 2 approval.

Labour Law Related Compliances

- Registration / renewal of license under Factories Act require around 72 days which corresponds to bottom 20 percentile of states. The state has not implemented any online processes for availing / renewing license under the Factories Act. However, majority of respondents were satisfied with their experience of obtaining/ renewing licenses related to Factories Act.
- Majority of the respondents were satisfied regarding their experience with the other labour law related compliances.

Infrastructure & Utilities Related Approvals

- It takes around 60 days to obtain fire NOC, with Goa featuring in the bottom 20 percentile of states. The application process is manual. Many respondents were satisfied with the experience of obtaining fire NOC.
- Around 90 days are required to obtain new water connection, with Goa again corresponding to bottom 20 percentile of states. Majority of respondents were not satisfied with their experience of obtaining a water connection on account of (i) complex documentation requirements and (ii) need for multiple visits to the department. Moreover, the application processes was manual.
- Power connection application process is manual and takes an average of 90 days corresponding to bottom 60 percentile of states. Majority of the respondents were not satisfied with the experience of obtaining power connection mainly on account of (i) multiple visits required to be made to the concerned department and (ii) lack of standard objective procedures.

Land & Building Related Approvals

- Allocation of land in the state managed industrial estates takes around 100 days corresponding to the bottom 60 percentile of states; majority of the entrepreneurs indicated that they were not satisfied with their experience on obtaining land related approvals. Feedback from industry associations indicates the key issues being (i) absence of an online application process, (ii) complex documentation requirements and (iii) need for multiple visits for obtaining approvals.
- Obtaining approval for building plan is a manual process which approximately takes 30 days and corresponds to the top 40 percentile of states. Majority of respondents were satisfied with respect to the time taken in obtaining building plan approvals. However, most of the respondents are not satisfied with the process of obtaining building plan approval due to (i) excessive documentation requirement and (ii) need for multiple visits.

Environment Clearances

- The state does not have an online system for environment clearances with the process for obtaining Consent to Establish & Operate being largely manual.

Suggestions by Stakeholders

- Separate policies for MSMEs may be considered for labour laws and environmental regulations including self-certification and deemed approvals.
- Wherever online systems have been implemented, the requirement of submitting hard copies of documents to the concerned department should be done away with.

- Consent to Establish takes less than a month corresponding to the top 20 percentile of states. However, majority of respondents were not satisfied with the process of obtaining the same due to multiple visits required to be made to the concerned department.
- Consent to Operate takes around 67 days corresponding to the bottom 60 percentile of states. With regards to obtaining Consent to Operate, majority of the respondents were not satisfied with the time taken mainly on account of: (i) significant time taken for inspections prior to approval and (ii) complex documentation requirements.

Other Business Regulatory Compliances

- Goa features in the top 40 percentile of states, with around 2 days being taken to get EM-1 registration. An average of 15 days is required to get an EM-2 registration corresponding to the top 60 percentile. EM-1 and EM-2 registrations are processed manually. Majority of respondents were not satisfied with EM-2 issuance on account of registration not being online and requiring entrepreneurs to visit the industries department multiple times.
- The state does not have a Single Window Mechanism (SWM). However, a High Powered Clearance Committee (HPCC) chaired by the Chief Minister for large project allows industries having investment outlay exceeding Rs. 10 crores to submit a single application.

Strategic Initiatives for consideration of the State

The state features in the middle 33.33 percentile of states in finance & tax related compliances, it features in the bottom 33.33 percentile in other business regulatory compliances, environmental clearances, infrastructure & utility related approvals, labour related approvals and land & building related approvals.

- Environmental clearance is an area which needs to be improved significantly. The Government could consider adopting an IT-enabled system for both the Consent to Establish and Consent to Operate approvals, with a facility for internal monitoring of timelines and milestones by senior officials and tracking of applications by the applicants. Standard document checklists for submission as well as standard procedures for inspection may be transparently shared with both staff as well as applicants to improve process effectiveness and cut down processing time.
- To improve the overall business regulatory compliance environment in the state, consider setting up a single window mechanism for receiving required applications for clearances/ approvals/ licenses for setting up an industry at a single point through a common application form, along with a mechanism for monitoring the status of clearance at the respective departments
- The state may consider developing online systems for receiving applications and tracking processing of applications for obtaining water, power connections and fire license/ NOC
- State may consider developing standard procedures for inspection required for obtaining licenses under the Factories Act which may be transparently

shared with both staff as well as applicants to improve process effectiveness.

- For increasing the efficiency of land allotment within industrial estates, consider adopting an IT/ GIS enabled land application and land allotment system which enables sharing of information in a transparent manner

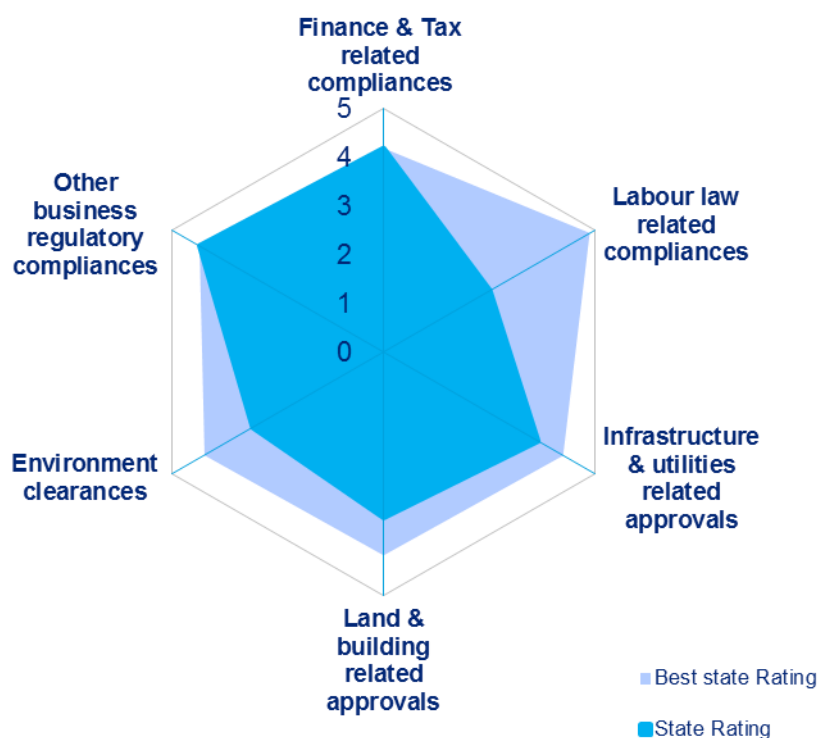
Gujarat

Snapshot – Manufacturing Sector

Ranked 2nd in the country in terms of share of manufacturing GDP, contributing around 13.7% of manufacturing GDP in 2011-12

- Manufacturing sector contributed 28.2% to Gujarat's GSDP in 2011-12, with a CAGR of 9.5% between 2007-08 and 2011-12
- The sector employed around 3.4 million people in 2009-10 representing 13.7% of Gujarat's working population
- The top 3 sectors based on contribution to the State's GDP are:
 - Refined petroleum products,
 - Chemical and fertilizers
 - Textiles

Business Regulatory Environment – Key Findings



Finance & Taxes Related Compliances

- Application for State VAT registration can be done online (www.commercialtax.gujarat.gov.in); complete process approximately takes 10 days corresponding to the top 40 percentile of states. Majority of the respondents were satisfied with the experience of VAT registration.
- VAT payment can also be done online; it takes approximately 2 days corresponding to top 60 percentile of states. Majority of respondents were satisfied with their experience with respect to VAT payment.
- As per Gujarat's Industrial Policy, 2009, a special set of incentives has been drafted for MSMEs viz., interest subsidy, venture capital, marketing assistance, assistance for quality certification, financial assistance for setting up common facilities, wherein the state government provides direct financial assistance with outer limits for eligible private industries and associations. Application for interest subsidies has been made online (<http://103.11.117.142/IC/>).
- It takes around 3-6 months to avail incentives. Majority of the respondents were satisfied with their experience of availing incentives.

Stakeholder comments on Infrastructure

- As per our interactions with industry associations, it is understood that Gujarat is a power surplus state with respondents expressing satisfaction on quality and availability of power
- It was also indicated that quality and availability of water has improved over the years.
- Road network and rail connectivity have also shown improvement.

Labour Law Related Compliances

- Registration / renewal of license under Factories Act require around 50 days corresponding to top 60 percentile of states. The application of approval/ renewal processes under Factories Act was not online. However, majority of respondents were satisfied with their experience on compliance under Factories Act.
- The state largely has manual processes for other labour law related compliances. However majority of the respondents expressed satisfaction on their experience with other labour law compliances.

Infrastructure & Utilities related approvals

- Power connection requires around 16 days corresponding to top 20 percentile of states. The power connection application process is a web based online system. Most of the respondents were satisfied with the experience of obtaining power connections.
- Obtaining water connection takes around 45 days corresponding to bottom 40 percentile. However, majority of the respondents were satisfied with the experience on obtaining water connections. Water connection application process is a web-based online system.
- Obtaining Fire NOC takes around 37 days corresponding to bottom 40 percentile of states. However, majority of the respondents were satisfied with the experience on obtaining Fire NOCs. The application process for obtaining fire NOC was manual.

Land & Building Related Approvals

- Land allotment application in state managed industrial estates is online (<http://117.239.80.70/gidc/frmgeneralterms.aspx>). Time taken for land allotment takes around 120 days corresponding to top 60 percentile of states. Some respondents stated that even though online application system has been implemented, there still is a requirement of submitting hard copies of documents at the concerned agency and multiple visits have to be made as well.
- Conversion of end use of land takes around 100 days corresponding to the top 40 percentile of states. Majority of respondents expressed low satisfaction regarding experience with conversion of end use of land on account of multiple visits to the concerned department was required.
- Approval for building plan approximately takes about 49 days and corresponds to the bottom 40 percentile of states. However, majority of users were satisfied with the experience of obtaining building plan approvals. The industry associations and industries mentioned that online building plan approval mechanism is in place.

Environment Clearances

- The environmental clearance application process is online (<http://gpcbxgn.gujarat.gov.in/login.aspx>).

Innovative/ Good Practices

- For reaching out to micro enterprises iNDEXTb has set up Kiosks at 26 district industries centers. These kiosks are equipped with infrastructure facilities such as internet connectivity, printer and scanner.
- iNDEXTb has a GIS based software which shows the geographic mapping of industrial areas in Gujarat including highways, GPCB zones, Coastal Regulatory Zones, port connectivity, soil quality, power and utilities grid connectivity etc. For large projects, with land requirement of more than 200 ha, entrepreneurs are shown the location of the land in the GIS system to facilitate them understand locational feasibility and make a choice for setting up the project.

Suggestions by Stakeholders

- Single inspection for all factory / labour laws
- Simplify documentation requirements for factories act

- It takes around 100 days to obtain Consent to Establish corresponding to the bottom 20 percentile of states. Most respondents were not satisfied with their experience in obtaining the same on account of (i) complex documentation requirements and (ii) delays in conducting inspections.
- Consent to Operate takes around 106 days corresponding to the bottom 20 percentile of states. Majority of respondents expressed satisfaction with respect to their experience of obtaining Consent to Operate.

Other Business Regulatory Compliances

- Gujarat features in the top 60 percentile of states, with around 6 days being taken to get EM-1 registration. It takes an average of 4 days to get an EM-2 registration, corresponding to the top 20 percentile. Both EM-1 and EM-2 registrations can be done online at the Industries Commissionerate's portal (<http://103.11.117.142/IC/>). Majority of users were satisfied with their experience of obtaining EM-1 & 2 registrations.
- Gujarat has a Single Window Facilitation Mechanism (SWM) called the Investor's Facilitation Portal (IFP) (<http://www.ifpgujarat.gov.in/portal/index.jsp>), managed by the Industrial Extension Bureau (iNDEXTb) for providing hand-holding support to entrepreneurs, including helping them finalize location choices. The IFP portal is meant for – a) information dissemination, b) facilitating and monitoring investment proposals, and helping entrepreneurs get access to 3 key basic amenities i.e., land, power and water, and c) supporting entrepreneurs in approaching Gujarat Pollution Control Board (GPCB) for environmental clearances. Currently GPCB consents are not integrated within the IFP portal, however the IFP approval once given, lends credibility to the investor and helps them in obtaining GPCB consents. The IFP portal is available for all MSMEs and large companies, across all sectors and for setting up new industries as well as for expansion purpose.
 - A State Level Approval Committee (SLAC) has been formed to look into projects with investment greater than Rs. 1000 crore. Land allotments, utilities, and other clearances are fast tracked for large projects through the SLAC. Further, SLAC has an arrangement through which special concessions are granted for such mega projects on a case-to-case basis (e.g. tax exemptions, cheaper land etc.). SLAC acts as a forum for negotiating such concessions.
- Majority of respondents were satisfied with their experience of interacting with the Industries Department/ DICs.

Strategic Initiatives for consideration of the State

While the state features in the top 33.33 percentile of states in other business regulatory compliances, finance & tax related compliances, infrastructure & utility related approvals and land & building approvals; it belongs to middle 33.33 percentile in environmental clearance and bottom 33.33 percentile in labour law related compliances.

- As regards to labour law related compliances, the state may consider developing an online system for obtaining/ renewing licences under Factories Act including a mechanism for tracking status of applications under process. Document standard operating procedures (SOPs) for inspection processes under factories act to increase transparency and efficiency of the process.
- Environmental clearance is the other area which needs to be improved significantly. Standard document checklists for submission as well as standard procedures for inspection may be transparently shared with both staff as well as applicants to improve process effectiveness and reduce processing time.

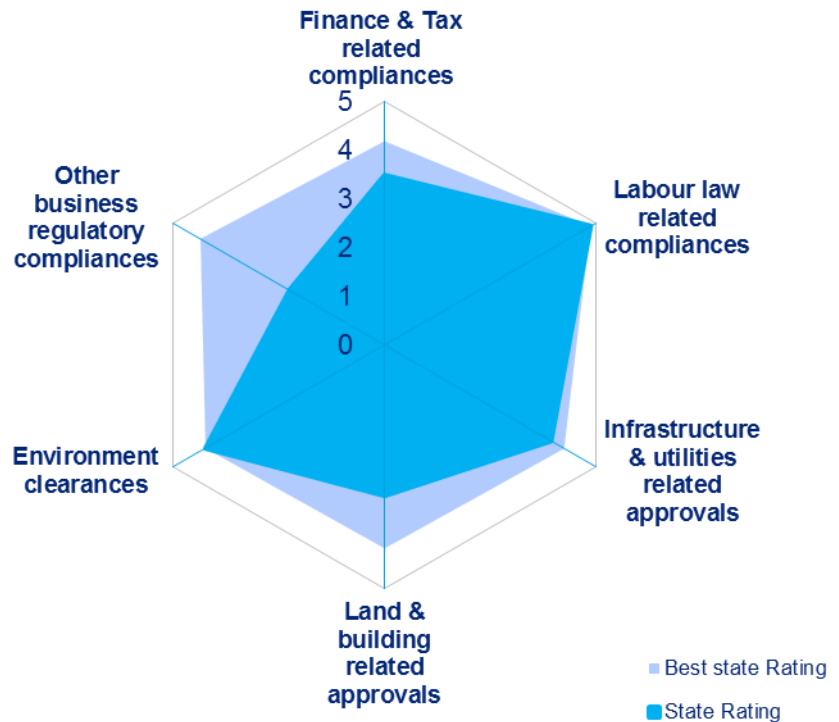
Haryana

Snapshot – Manufacturing Sector

Ranked 8th in the country in terms of share of manufacturing GDP, contributing around 4.0 % of India's manufacturing GDP in 2011-12

- Manufacturing sector contributed 18.5 % to Haryana's GSDP in 2011-12, with a CAGR of 6.1 % between 2007-08 and 2011-12
- The sector employed around 1.5 million people in 2009-10 representing around 15.4 % of Haryana's working population
- The top 3 sectors based on contribution to the state's manufacturing GDP are:
 - Food Processing
 - Apparel
 - Basic Iron and Steel

Business Regulatory Environment – Key Findings



Finance & Tax Related Compliances

- State VAT registration process is manual and the complete process approximately takes about a week corresponding to top 20 percentile of states.
- Option for online state VAT payment is available to the entrepreneurs at <https://web1.hry.nic.in/hrtreasury/ctax.aspx>. It takes around 2 - 3 days to pay state VAT corresponding to top 60 percentile of states.
- Majority of the respondents indicated satisfaction towards VAT registration and payment experience.
- According to Haryana's Industrial Policy 2011, the State Government provides certain incentives such as interest free loan and electricity duty exemption to industries to invest in the State's backward areas.
 - It takes around 3-6 months to avail incentives. Majority of respondents were satisfied with the experience of availing incentives.

Stakeholders Comments on infrastructure

- Older industrial estates are not connected to water distribution system; thereby depending on supply through water tankers.
- There is sufficient availability of power in the state.

Suggestions by Stakeholders

- Entrepreneurs were of the view that single window mechanism should be implemented at district level to streamline clearances/approvals.
- Stakeholders suggested that all the processes related to issue/renewal of clearances/approvals should be IT enabled as this makes them more transparent and reduces the necessity of frequent visits to the departments.
- In order to supply the skill requirements by industries, most respondents commented that Industrial Training Institutes (ITIs) need to be upgraded and training programmes need to be made more relevant to industry.
- Stakeholders expressed satisfactory experience with regards to availability and quality of power

Labour Law Related Compliances

- Haryana features in the top 20 percentile of states for registration/ renewal of licenses under Factories Act which requires around 11 days. The process of obtaining/ renewing licenses under Factories Act is online. Majority of the respondents were satisfied with the experience of obtaining/ renewing Factories License.
- Majority of the respondents expressed satisfaction with their experience on other labour laws related compliances.
 - Haryana State Labour Department has developed a portal providing online services (<http://hrylabour.gov.in/>). It proposes to provide online registration, compliance and submission of various types of returns under different labour laws.

Infrastructure & Utilities Related Approvals

- Obtaining water connection related approvals in Haryana takes around 15 days with the state featuring in top 20 percentile of states. Industries can apply for the water connection online. Most of the respondents were satisfied with experience of obtaining water connections.
- Power connection requires around 45 days corresponding to top 20 percentile. Industries can apply for power connections online. Most of the respondents were satisfied with the experience involved in obtaining power connections.
- It takes around 46 days to obtain a Fire NOC & License corresponding to bottom 40 percentile. The Fire NOC & License application process is manual. Many respondents expressed low satisfaction with respect to their experience of obtaining/renewing Fire NOC mainly on account of excessive time taken and standard objective procedures not being followed during inspection for obtaining/ renewing Fire NOC and License.

Land & Building Related Approvals

- Allocation of land in the state managed industrial estates takes about 80 days corresponding to top 20 percentile of states. Majority of the respondents indicated their satisfaction with the experience on land allotment related approvals of Haryana State Industrial & Infrastructure Development Corporation (HSIIDC).
- Conversion of end use of land requires about 8 months corresponding to the bottom 20 percentile of states. Majority of the respondents expressed satisfaction with their experience with conversion of end use of land.
- The building plan clearances have a provision of online submission. Approval for building plan approximately takes about 53 days corresponding to the bottom 40 percentile of states. However, majority of the respondents were satisfied with experience of obtaining building plan approvals.

Innovative/ Good Practices

- HSIIDC has developed industrial estates as 'Industrial Model Townships' (IMTs) in Haryana for attracting investments. IMTs have been divided into separate zones, each having a distinct focus on a particular industry type. The plot mix has small and large sizes within each zone and they have been designed for mother units (large industries), ancillary units (medium & small industries) and sub-ancillary (small & micro industries). IMTs have well laid wide roads, sewerage treatment plant & disposal plant, power house and water supply systems. IMT has well planned infrastructure including identified zones for commercial, social and residential end uses.
- A 'Land Pooling Scheme' has been notified by the State Government, whereby landowners are given an option to opt for developed land measuring 1,200 square yards for each acre of land proposed to be acquired (in lieu of the compensation package and all other benefits admissible under the R&R Policy of the Government). This way, landowners are given an option to become partners in the development process
- In Haryana application for state VAT registration can be made to District level Assessing Authority with the complete process taking about a week

Environment Clearances

- Haryana State Pollution Control Board has implemented an Online Consent Management System (<http://hspcb.gov.in/noc.html>) where the entrepreneurs can register and apply for the consents. Registered users receive updates on the status of their applications at their registered email ids. Obtaining Consent to Establish and Consent to Operate takes around 88 days (corresponding to bottom 40 percentile of states) and 74 days (corresponding to top 60 percentile), respectively. Majority of the respondents were satisfied with their experience with obtaining environment clearances.

Other Business Regulatory Compliances

- Haryana features in the top 20 percentile for both EM-1 & EM-2 registration with around 1 & 4 days being taken to get EM-1 and EM-2 registration respectively. There is currently no provision for online submission of EM-1 and EM-2 applications. However, majority of the respondents have expressed satisfaction with the experience of obtaining EM registration.
- While the state doesn't have a Single Window Mechanism (SWM) for clearances, the State Government has enacted the Industrial Promotion Act, 2005 for providing time bound clearances/approvals. Time limits have also been prescribed in this act for various clearances/ approvals, along with provision for deemed approvals in case the concerned authority/ department fail to provide the same within the prescribed time frame. The state has also set up "Investment Promotion Centre" in Delhi & Chandigarh to act as Single Point Contact Agency to provide information & support to prospective entrepreneurs, particularly with regard to various clearances/ approvals required for implementation of large/ mega projects.
- Majority of respondents were not satisfied with the experience of interacting with the Industries Department/ DICs primarily on account of (i) significant time taken to respond to queries and (ii) multiple visits required for obtaining approvals/ registrations/ licenses.

Strategic Initiatives for consideration of the State

While the state features in the top 33.33 percentile of states in finance & tax related compliances, labour law related compliances, infrastructure & utility related approvals and environmental clearances; it belongs to middle 33.33 percentile in land & building related approvals and other business regulatory compliances.

- To improve the other business regulatory compliances, the state may consider implementing a two-tier Single Window Mechanism, for requisite approvals/ clearances to be applied from a single point, at district level for small & micro industries and state level for medium, large & mega industries, supported by a robust monitoring system.
- The state may consider developing an online query redressal system/ help line number at department level to provide quick response to

entrepreneur's queries regarding procedures for getting clearances/approvals.

- For increasing the efficiency of land allotment within industrial estates, consider adopting an IT/ GIS enabled land application and land allotment system which enables sharing of information in a transparent manner.

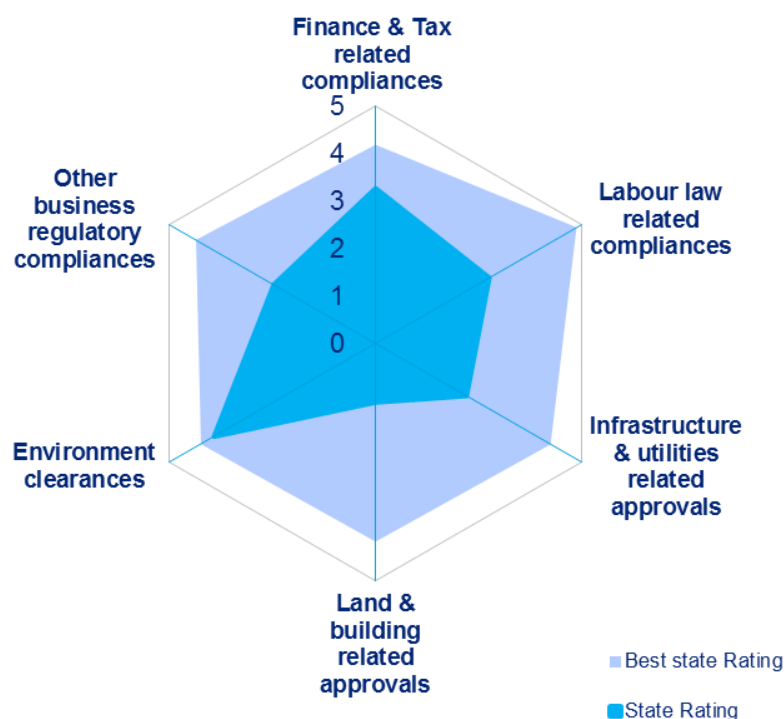
Himachal Pradesh

Snapshot – Manufacturing Sector

Ranked 18th in the country in terms of share of manufacturing GDP, contributing around 0.8% of manufacturing GDP in 2011-12.

- Manufacturing sector contributed 16.6 % to Himachal Pradesh's GSDP in 2011-12, with a CAGR of 18.0% between 2007-08 and 2011-12
- The sector employed around 0.1 million people in 2009-10 representing around 3.9 % of Himachal Pradesh's working population
- The top 3 sectors based on contribution to the state's manufacturing GDP are:
 - Pharmaceuticals,
 - Food processing,
 - Manufacturing of metallic/non-metallic products

Business Regulatory Environment – Key Findings



Finance & Taxes related Compliances

- State VAT registration form can be filled online (<https://hptax.gov.in/HPPortal/main.htm?actionCode=showERegTaxSelectPage>); with the complete process approximately taking 15 days, which corresponds to the top 40 percentile of states.
- Tax payment can also be made online with the process taking 1 day, which corresponds to the top 20 percentile. Majority of the respondents were satisfied with the experience of state VAT registration and payment.
- As per the state's Industrial policy 2004, the incentive package of state government include interest subsidy to tiny/small units in the priority sectors, capital investment subsidy for units set up in the priority sectors, special incentive for horticulture based industries etc.
- Feedback received from industries and industry associations suggest that the time taken for disbursing the state incentives/ subsidies was around 6 months and majority of the respondents expressed low satisfaction with the same. However, the majority of industries expressed satisfaction with the incentive related processes.

Stakeholders Comments on Infrastructure

- Land available is limited with HPSIDC; only private land is available and special permissions are required for availing the same, which makes the process tedious.
- Availability and quality of power is good.

Innovative/ Good Practices

- Through a government order issued in June 2013; there is a provision of according deemed approval to complete applications received through the single window clearance and monitoring authority within 90 days.

Labour Law Related Compliances

- Registration/ renewal of licenses under Factories Act requires around 43 days, which corresponds to top 40 percentile of states. The application process is manual, however, majority of the respondents were satisfied with the experience of obtaining/ renewing Factories licences.
- Most respondents indicated satisfaction with regards to their experience on other labour law related compliances.

Infrastructure & Utilities Related Approvals

- The process for obtaining power & water connections and Fire NOC is manual.
- Time taken for new power connection takes around 70 days corresponding to the top 40 percentile of states. However, majority of the respondents indicated low satisfaction with their experience related to power connection clearances primarily due to requirement of multiple visits to the department. Feedback from industry and industry associations suggest that the local Department of Industries at district lacks the authority to grant final clearances related to new power connections and the same has to be sought from head office in Shimla.
- Obtaining clearances for new water connection takes about 38 days, with the state featuring in the top 40 percentile. Majority of the respondents were satisfied with the experience on water connection related approvals.
- NOC for Fire takes approximately 30 days which corresponds to the state featuring in the top 40 percentile. Majority of the respondents were satisfied with the experience on obtaining/ renewing Fire NOC.

Land & Building Related Approvals

- Industry associations and industries indicated that nearly 180 days are required to obtain land in industrial estates with the state featuring in the bottom 40 percentile of states. Majority of the respondents expressed low satisfaction with the experience of land allotment in industrial estates due to (i) complex documentation, (ii) lack of standard operating procedures and (iii) multiple visit requirements to concerned agencies.
- Conversion of end use of land requires about 5 months corresponding to the bottom 60 percentile of states. Majority of the respondents expressed low satisfaction with their experience with conversion of end use of land on account of lack of standard objective procedures and excessive documentation requirements.
- The state takes significant time for issuing building approvals with approximate number of days taken being 110 (corresponding to the bottom 20 percentile of states). The state has the provision for checking the status of the application based on the application number provided by the concerned agency at the time of submitting the application (<http://admis.hp.nic.in/himachal/tcp/plankhoj.asp>). Majority of the respondents expressed low satisfaction with their experience on the

building plan approval on account of excessive documentation and multiple visit requirements to be made to the concerned department.

Suggestions by Stakeholders

- Multiple taxations at various stages of production and marketing should be reduced.
- Entrepreneurs opined that single window clearance should be strengthened by setting up an online tracking system which will enable them to track the status of all their applications.

Environment Clearances

- Environmental clearances can be filed online (<http://hppcb.nic.in/>).
- Consent to Establish (CTE) takes around 50 days and Consent to Operate(CTO) takes approximately 60 days with the state featuring in the top 20 percentile and top 40 percentile for the respective clearances. Many respondents were not satisfied with the time taken to obtain CTO.
- However, majority of the respondents expressed satisfaction with the process of obtaining CTE and CTO.

Other Business Regulatory Compliances

- EM-1/EM-2 clearance process is not online. Time taken for EM-1 is approximately 9 days, while that for EM-2 is 8 days with the state featuring in the bottom 40 and top 20 percentile of states respectively. Majority of the respondents have expressed satisfaction with their experience in obtaining EM registration.
- At district level, the DIC office acts as a single window clearance agency of the state; a common application form is in use which along with the project report is submitted by the investor. The application is forwarded to the concerned departments and in-principle approval is provided from the Department of Industries based on a preliminary scrutiny. Subsequently, entrepreneurs are required to visit the respective departments with the in-principal approval to seek clearances/ approvals from the respective departments.
- Majority of the respondents were not satisfied with the functioning of single window clearance system as multiple visits to various departments are required to get the clearances. Further, they stated that the state did not have an online platform for the single window mechanism to facilitate the investors in obtaining the required clearances/ approvals from a single point.

Strategic Initiatives for consideration of the State

The state features in the top 33.33 percentile of states in environmental clearances and finance & tax related compliances and middle 33.33 percentile in labour law related compliances, infrastructure & utility related approvals and other business regulatory compliances. However the state features in the bottom 33.33 percentile in land & building related approvals.

- For increasing the efficiency of land allotment within industrial estates, the state may consider adopting an IT/ GIS enabled land application and land allotment system which enables sharing of information in a transparent manner.
- The state may consider implementing an online building plan application system for improving process effectiveness.

- For improving the process of labour law related compliances, the state may consider implementing an online system for filing and tracking Factories Act related licences. Further, standard procedures for inspection required for obtaining licenses under Factories Act may be developed and transparently shared with both staff as well as applicants to improve process effectiveness.
- To strengthen the processing of applications for obtaining water, power connections and fire license/ NOC, the state may consider developing online systems for receiving applications and tracking.
- To strengthen the overall business regulatory environment of the state, the state may consider setting up a single window mechanism for receiving required applications for clearances/ approvals/ licenses for setting up an industry at a single point through a common application form, along with a mechanism for monitoring the status of clearance at the respective departments.

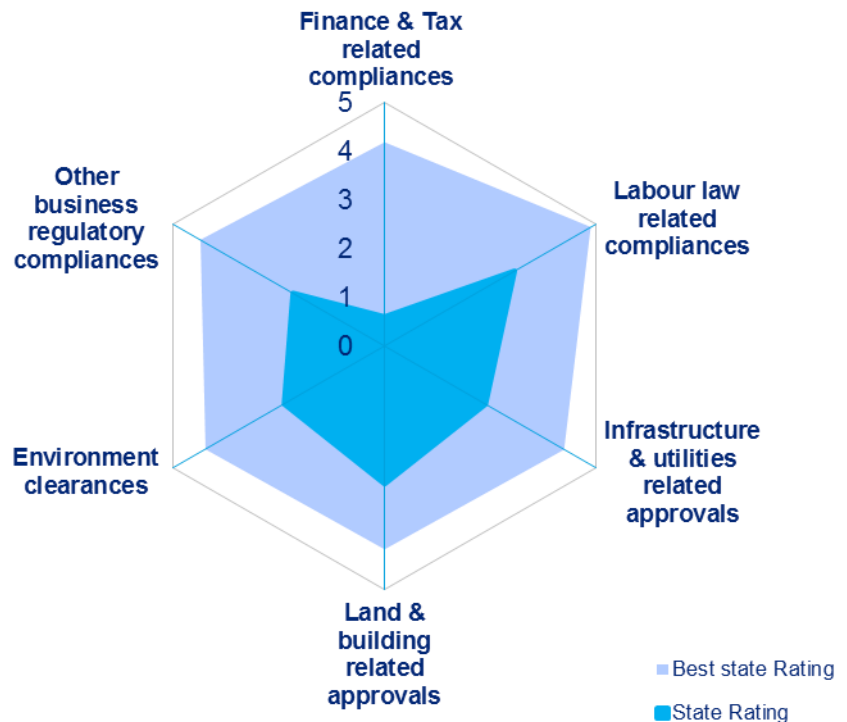
Jammu & Kashmir

Snapshot – Manufacturing Sector

Ranked 21st in the country in terms of share of manufacturing GDP, Jammu and Kashmir (J&K) contributed around 0.4 % of India's manufacturing GDP in 2011-12

- Manufacturing sector contributed 7.4 % to J&K's GSDP in 2011-12, with a CAGR of 6.5 % between 2007-08 and 2011-12
- The sector employed around 0.4 million people in 2009-10 representing around 7.6 % of J&K's working population
- The top 3 sectors based on contribution to the State's manufacturing GDP are:
 - Chemical products,
 - Pharmaceuticals, medicinal chemical & botanical products, and
 - Basic precious and other non-ferrous metals

Business Regulatory Environment – Key Findings



Finance & Tax Related Compliances

- Based on interactions with industry associations and industries in Jammu & Kashmir, we understand that most of the industrial units in the state are exempted from VAT
- The State Government offers a range of incentives under the Industrial Policy 2004 like 100% subsidy on new DG sets, stamp duty exemption, interest subsidy, etc.
 - It takes more than a year to avail incentives. Majority of respondents were not satisfied with the experience of availing incentives on account of (i) excessive time taken (more than a year) to avail the incentives, (ii) excessive documentation requirements and (iii) need for multiple visits to the concerned department.

Stakeholders Comments on infrastructure

- Industries suffer from unscheduled power cuts. The quality of power is very poor (average 8 hours of supply per day).
- Land availability in the industrial estates is limited.
- Industry Associations stated that it takes longer for water intensive industries to obtain a water connection.

Innovative/ Good Practices

- J&K has guidelines for time bound clearances under the Public Services Guarantee Act. According to the Act, the EM-1 must be granted within 5 days and EM-2 within 15 days (provided that all documents and necessary clearances from various departments are in place).

Labour Law Related Compliances

- Application for registration/ renewal of licenses under Factories Act is manual, and requires around 10 days, which places the state in the top 20 percentile of states. Majority of the industrialists were satisfied with the experience of complying with the Factories Act requirements.
- Majority of respondents were satisfied with the experience of complying with other labour laws.

Infrastructure & Utilities Related Approvals

- Fire NOC, Water & power connection approval processes are manual.
- Obtaining Fire NOC and license takes around 9 days corresponding to top 20 percentile of states. Majority of respondents were satisfied with the experience of obtaining Fire NOC and license.
- It takes around 13 days to obtain the water connection related approvals corresponding to top 20 percentile of states. Majority of respondents were satisfied with the experience of obtaining water connection.
- Power connection requires on an average 280 days corresponding to bottom 20 percentile. Majority of respondents were not satisfied with the experience of obtaining power connection. Interactions with Industry associations and state government officials indicated that the primary reason for the delay is excessive time taken in load sanctioning due to power shortage in the state.

Land & Building Related Approvals

- Allocation of land in the state managed industrial estates takes about 85 days on an average, which is in the top 40 percentile.
Majority of the respondents were satisfied with the process of availing land from SIDCO. Feedback from respondents, industry associations and state government officials suggest that some of the respondents low satisfaction with the time taken can be attributed to the shortage of vacant plots in the existing state managed industrial estates.
- The building approval process in Jammu & Kashmir is manual. Approval for building plan approximately takes about 30 days which places the state in the top 40 percentile.
Majority of respondents were satisfied with the experience of getting a building plan approval.

Environment Clearances

- Majority of the respondents commented that Environment Compliance requires substantial time with Consent to Establish and Consent to Operate taking around 103 days and 134 days respectively placing the state in the bottom 20 percentile of states.
- The environmental clearance process is manual. Majority of the respondents were not satisfied with experience of obtaining the Consent to

Suggestions by Stakeholders

- The number of contact points in Government departments should be reduced. Moreover, online application systems with facilities for tracking of application status should be implemented, whereby all forms can be submitted online and their application status can be tracked online as well.
- The frequency of renewals from State Pollution Control Board should be aligned to pollution category the units belong to. (Currently in most states the frequency of renewals is 1, 2 and 3 years for Red, Orange and Green categories, respectively)
- Manufacturing units in J&K have faced difficulties in complying with the requirement to hire at least 55% of employees from the state, as sufficient number of skilled workers is not available in the State.

Establish and Consent to Operate clearances. Feedback from the respondents and industry associations suggest that the key reason for the same include (i) need for multiple visits to the Pollution Control Board, and (ii) inspection process not following standard objective procedures.

Other Business Regulatory Compliances

- The EM application process is manual. It takes around 2 days to get EM-1 registration and an average of 15 days to get an EM-2 registration. The state features in the top 40 percentile of states for EM-1 registration & bottom 60 percentile for EM-2 registration.
- Majority of the respondents were satisfied with the experience of obtaining EM-1 and EM-2 registrations. However, some respondents stated that there was a need for making multiple visits to DICs to obtain the EM registration.
- The state has a Single Window Clearance (SWC) mechanism, which is backed by a Government Order. The SWC committee comprises representatives from the Department of Industries & Commerce, Power Development Department (PDD), State Pollution Control Board (PCB), State Industrial Development Corporation (SIDCO), J&K Small Scale Industries Development Corporation (SICOP).
- As per interactions with industry associations, it is understood that in practice, the SWC mechanism works only for land allocation from SIDCO/SICOP. The entrepreneur has to go separately to the PCB and PDD to avail forms and apply, track the status of his application and obtain the necessary clearances. As a result, majority of respondents were not satisfied with their experience relating to the SWC.
- Majority of the respondents were not satisfied with the experience of interacting with the Industries Department/ DICs primarily on account of (i) non-availability of online application and tracking mechanisms, and (ii) multiple visits required for obtaining approvals/ registrations/ licenses

Strategies for Consideration by the State Government

The state features in the middle 33.33 percentile of states in infrastructure & utility related approvals, labour law related clearances and land & building related approvals. However, it features in the bottom 33.33 percentile in environmental clearances, other business regulatory compliances and finance & tax related compliances.

- While the state has implemented a single window mechanism, it may consider strengthening this system by implementing a mechanism for monitoring the status of clearance at the respective departments. Further, the state may ensure that the single window mechanism, which currently addressed only approvals related to land allocation in state managed industrial estates, encompasses all major approvals/clearances such as Power, Environment and Labour Law.

- Environmental clearance is the other area which needs to be improved significantly. The Government could consider adopting an IT-enabled system for both the Consent to Establish and Consent to Operate approvals, with a facility for internal monitoring of timelines and milestones by senior officials and tracking of applications by the applicants. Standard document checklists for submission as well as standard procedures for inspection may be transparently shared with both staff as well as applicants to improve process effectiveness and cut down processing time.
- To improve the process of availing subsidies, the documentation requirements may be simplified by issuing a checklist of documents required to be appended with the application and sharing the same with the industries through industry associations/ department website.
The state may also, consider implementing an IT based monitoring system to track status of processing of applications at the concerned departments for ensuring that disbursements/ refunds are made within a specified time limit.
To strengthen the processing of applications for obtaining water, power connections and fire license/ NOC, the state may consider developing online systems for receiving applications and tracking.
- For improving the process of labour law related compliances, standard procedures for inspection required for obtaining licenses Factories Act may be developed and transparently shared with both staff as well as applicants to improve process effectiveness. Further, the state may consider implementing an online system for filing applications for Factories Act related licenses and tracking status of applications being processed.

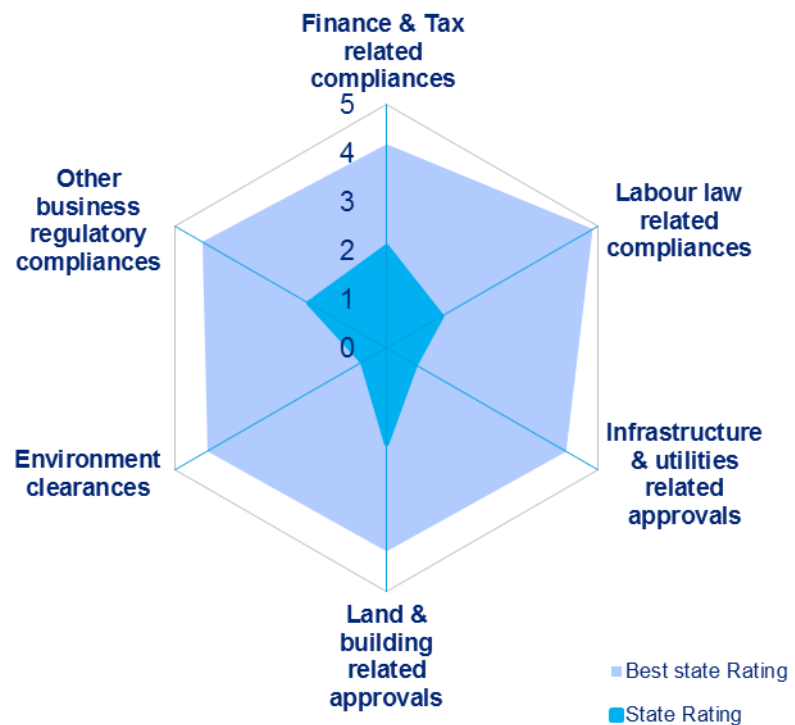
Jharkhand

Snapshot – Manufacturing Sector

Ranked 12th in the country in terms of share of manufacturing GDP, contributing 2.7% of manufacturing GDP in 2011-12

- Manufacturing sector contributed 23% to Jharkhand's GSDP in 2011-12, with a CAGR of 0.10% between 2007-08 and 2011-12
- The sector employed around 0.7 million people in 2009-10 representing around 6.7% of Jharkhand's working population
- The top 3 sectors based on contribution to the state's manufacturing GDP are:
 - Iron & Steel;
 - Coke & refined petroleum products; and
 - Motor vehicles

Business Regulatory Environment – Key Findings



Finance & Taxes related Compliances

- Application for registration as dealer under state Value Added Tax can be done online; complete process approximately takes 14 days which corresponds to top 40 percentile of states. Majority of respondents were not satisfied with their experience of time taken for VAT registration. Facility for online payment is also available (jharkhandcomtax.gov.in). VAT payment takes around 2 days.
- Majority of the entrepreneurs met indicated that process for obtaining statutory forms from Commercial Taxes Department is manual and complex.
- As per the Jharkhand Industrial Policy, 2012; the state provides comprehensive project investment subsidy to units making investment in plant & machinery, pollution control equipment, environment friendly alternative power generation equipment and employee welfare; other incentives/subsidies include stamp duty exemptions, VAT exemptions and incentives for quality certifications, patent registrations, industrial parks, cluster development, IT/ITES, captive power plant, tourism etc.
- Majority of the respondents were not satisfied with the experience of availing subsidies/incentives from the government primarily on account of

Stakeholders Comments on infrastructure

- There is limited land availability with the state having no identified land bank.
- Quality of power along with last mile connectivity needs to be improved.
- Road network including network of highways is inadequate both in terms of quality and coverage.
- There is absence of a rail network to key ports like Kolkata, Haldia and Paradip.
- Jamshedpur, which is an important manufacturing center, is not well connected by air with other cities in the country.

substantial delays (around 2-3 years) in the subsidy reimbursements. Key reasons highlighted by the respondents and industry associations for the delays were (i) manual processes, (ii) standard operating procedures not followed, (iii) need for multiple visits to the concerned departments (iv) frequent changes in the guidelines and (v) excessive documentation.

Labour Law related Compliances

- Registration/ renewal of licenses under Factories Act requires more than 200 days, corresponding to the bottom 20 percentile of states. The key reasons highlighted by stakeholders for such delays include (i) inspections conducted were not based on standard objective procedures and (ii) multiple visits required for obtaining the license. The respondents stated that the application process for obtaining/ renewing licences under Factories Act is not online. Majority of the respondents were not satisfied with their experience in obtaining/ renewing the license mainly due to (i) time taken, (ii) inspection processes not following standard objective procedures.
- Jharkhand features in the bottom 40 percentile in other labour law related compliances, with majority of the respondents indicating that maintaining records & registers taking up too much management time and standard objective procedures not being followed while conducting inspections.

Infrastructure & Utilities related approvals

- It takes around a year to obtain Fire NOC & License corresponding to bottom 20 percentile of states. It takes around 110 days and approximately 160 days to obtain water connection and power connection related clearances respectively corresponding to bottom 20 percentile of states.
- Most of the respondents were not satisfied with the experience of obtaining licenses for infrastructure & utilities primarily on account of (i) significant delays due to absence of clearly laid down guidelines (ii) the state not having an IT enabled system for online application and application processing and (iii) need for multiple visits to be made to the concerned department/ agencies for obtaining approvals/ licenses.

Land & Building related approvals

- Allocation of land in the state managed industrial estates takes about 190 days which corresponds to bottom 20 percentile of states. Majority of the respondents expressed satisfaction with obtaining land in industrial estates. However feedback from Industry Associations indicated that the delays are primarily on account of (i) absence of clearly laid down rules & regulations for allotment and (ii) standard objective procedures are not followed.
- Based on discussions with industry associations, it was understood that the industries were not satisfied with their experience of land end use conversion on account of excessive time taken and multiple visits required to the concerned department.
- Based on discussions with industry associations, it was understood that many industries were satisfied with the time taken to obtain building plan

Suggestions by Stakeholders

- Online systems should be implemented for applying for all required licenses/ approvals along with facility for tracking the status of applications.
- Applications for all key approvals / clearances should be submitted through a single nodal point by using a Common Application Form.
- Provision for deemed approval by department/ authority, in case the approval is not granted without justification within the time limit specified should be introduced
- Entrepreneurs were of the view that to make MSMEs globally competitive and to provide flexibility, government needs to simplify labour laws compliance requirements for the MSME sector

related approvals. However, it was mentioned that the approval process requires excessive documentation and multiple visits to the concerned institutions.

Environment Clearances

- All the respondents commented that Environment Compliance requires substantial time with Consent to Establish and Consent to Operate taking around 90 days and 220 days placing the state in the bottom 40 and 20 percentile of states respectively. The environmental clearance process is manual.
- Majority of the respondents were not satisfied with their experience for obtaining the consents. The key reasons include (i) standard objective procedures not followed for inspection processes, (ii) need for multiple visits to the concerned department/ agency and (iii) absence of checklist of standard documents to be submitted with application.

Other Business Regulatory Compliances

- Jharkhand features in the bottom 20 percentile, with around 83 days being taken to get EM-1 registration and around 60 days taken to get an EM-2 registration. There is a provision of EM filing online (<http://jhr.nic.in/industry/>). However, awareness level of the industries on availability of the option for using the online system was low. Feedback from respondents and industry associations indicated that most respondents were not satisfied with the time taken on account of (i) need for multiple visits to be made to DIC, (ii) lack of information on filing process and (iii) capacity constraints of DICs.
- Jharkhand had formulated the single window clearance mechanism in 2002 vide "Rules of the Single Window System, Jharkhand, 2002" for facilitating entrepreneurs in complying with the requirements for setting up industries; however, feedback from respondents and industry associations suggest that the same is not currently functioning.
- Majority of the respondents were not satisfied with the overall experience of interacting with the Industries Department/ DICs primarily on account of (i) significant time taken to respond to queries and (ii) multiple visits required for obtaining approvals/ registrations/ licenses.

Strategic Initiatives for consideration of the State

The state features in the bottom 33.33 percentile of states in infrastructure & utility related approvals, labour law related compliances, land & building related approvals, other business regulatory compliances and finance & tax related compliances

- For improving the overall business regulatory environment, the state may consider strengthening its single window clearance mechanism through defining authorities & responsibilities at concerned levels for effective implementation. Also, the state may consider developing an IT enabled system for receiving applications for required licenses/ approvals along

with facility for tracking/ monitoring status of application processing for setting up a manufacturing unit. Implementing such a system would bring in transparency and efficiency in the process.

- Environmental clearance is the other area which needs to be improved significantly. The Government could consider adopting an IT-enabled system for both the Consent to Establish and Consent to Operate approvals, with a facility for internal monitoring of timelines and milestones by senior officials and tracking of applications by the applicants. Standard document checklists for submission as well as standard procedures for inspection may be transparently shared with both staff as well as applicants to improve process effectiveness and cut down processing time.
- To improve the land related approvals, the state may create dedicated land banks for manufacturing activities in all the districts and publicize the same for enabling easy and transparent access to entrepreneurs. For increasing the efficiency of land allotment within industrial estates, the state may consider adopting an IT/ GIS enabled land application and land allotment system which enables sharing of information in a transparent manner
- To improve the process of availing subsidies, the documentation requirements may be simplified by issuing a checklist of standard documents required to be appended with the application and sharing the same with the industries through industry associations/ department website
The state may also consider implementing an IT based monitoring system to track status of processing of applications at the concerned departments for ensuring that disbursements/ refunds are made within a specified time limit
- To strengthen the processing of applications for obtaining water, power connections and fire license/ NOC, the state may consider developing online systems for receiving applications and tracking
- For improving the process of labour law related compliances, standard procedures for inspection required for obtaining licenses Factories Act may be developed and transparently shared with both staff as well as applicants to improve process effectiveness. Further, the state may consider implementing an online system for filing and tracking Factories Act related licenses.

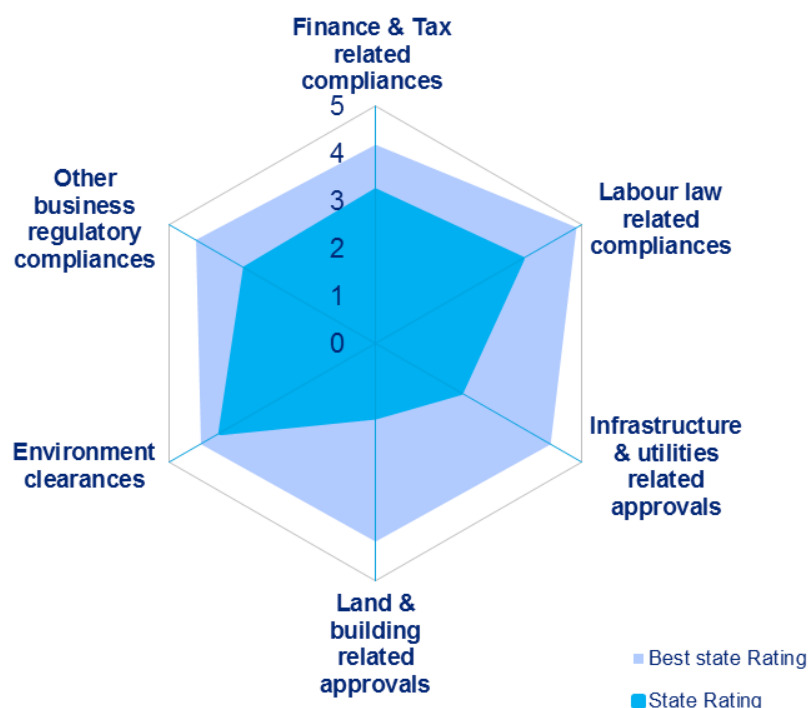
Karnataka

Snapshot – Manufacturing Sector

Ranked 6th in the country in terms of share of manufacturing GDP, contributing around 5.9% of manufacturing GDP in 2011-12

- Manufacturing sector contributed 16.9 % to Karnataka's GSDP in 2011-12, with a CAGR of 3.7 % between 2007-08 and 2011-12
- The sector employed around 2.7 million people in 2009-10 representing around 9.9 % of Karnataka's working population
- The top 3 sectors in the state based on contribution to the state's manufacturing GDP are:
 - Coke & Refined Petroleum Products,
 - Food Products; and
 - Basic Metals

Business Regulatory Environment – Key Findings



Finance & Tax Related Compliances

- Application for State VAT registration can be done online through e-Vardan (<http://164.100.80.121/cto/RegistrationOptions.aspx>) – the VAT registration system allows online filing through a web interface, processing and issue of registration. The completion process takes approximately 15 days which corresponds to top 40 percentile of states; Online payment of application fees for registration and VAT payment is available. Respondents stated that approximately 2 days were required for online payment which corresponds to top 60 percentile of states. Respondents acknowledged online VAT registration and payment has increased transparency and made the process faster.
- Online filing of State VAT returns is enabled through e-VARADI (VAT return Data through Internet, link - <http://164.100.80.121/vat1/>). Majority of respondents indicated that time taken for VAT refund was long on account of procedures undergoing frequent changes especially in terms of documentation requirements.
- Some of the key incentives to manufacturing enterprises as per the existing industrial policy (2009-14) include: Investment promotion subsidy, exemption from stamp duty, interest free loan on VAT, subsidy for setting up Effluent Treatment Plants, anchor unit subsidy, concessional registration charges, waiver of conversion fine, exemption from entry tax, exemption from payment of entry tax for export oriented units, exemption

Stakeholders Comments on Infrastructure

- Most of the stakeholders from industry indicated the need for improvement in the power situation in the state in terms of stable power availability to industries.
- Some industries have also highlighted the scarcity of treated water supply for industrial requirements
- Many respondents mentioned there is a requirement of improving the road network in the state

from electricity duty, interest subsidy on technology upgrade, quality certification, patent registration, incentives to enterprises following reservation policy of the state, refund of cost incurred for preparation of projects etc.

It takes around 3-6 months to avail incentives. Some of the respondents were not satisfied with their experience on availing incentives mainly due to (i) excessive documentation requirements & frequent changes in the same and (ii) time taken to obtain refunds.

Labour Law Related Compliances

- Registration/ renewal of licenses under Factories Act requires around 61 days which places the state in the bottom 40 percentile of states. The application process is online (<http://www.karnataka.gov.in/surakshate/Pages/home.aspx>). Most of the respondents were not satisfied with the time taken on account of delays during the inspection process. However, majority of the respondents indicated that the process of obtaining approval/renewal under Factories Act were satisfactory.
- Majority of the respondents were not satisfied with their experience on other labour law related compliances. Respondents indicated the key issues faced by them were (i) complex documentation requirements (ii) multiplicity of inspections and (iii) standard objective procedures not being followed for inspections.

Infrastructure & Utilities Related Approvals

- Fire NOC & License take around 60 days corresponding to bottom 20 percentile of states. The application process is manual. Many respondents were not satisfied with their experience in obtaining fire NOC/ license on account of (i) standard objective procedures not being followed during inspection, (ii) procedural delays and (iii) need for multiple visits to the department.
- It takes approximately 47 days to obtain a new water connection corresponding to bottom 40 percentile of states. Many respondents were not satisfied with the experience of obtaining water connection on account of (i) complex documentation requirements, (ii) delays in conducting inspections and (iii) need for multiple visits to the concerned department/ agency. Online facilities are available for applying for a water connection in (http://web3.kar.nic.in/bwssb_application/Home.aspx); however, the respondents mentioned after submission of online application along with required documents, multiple visits were required to the concerned departments.
- Power connection requires an average 65 days corresponding to top 40 percentile of states. The approval process is manual. Majority of the respondents were not satisfied with the experience of obtaining power connection on account of excessive documentation requirements.

Innovative/ Good Practices

- The Commercial Tax Department has undertaken many e-initiatives leveraging IT based systems for improving tax administration which has helped in increasing transparency, bringing down cost, removing unnecessary interfaces etc. Karnataka has also been awarded the Prime Minister's Award for Excellence in Public Administration for its initiative, 'Transformation of commercial taxes regime in Karnataka'. Some of its initiatives include: e-Vardan, e-sugam, e-suvega, e-varadi, automation of c-form etc. The implemented system also has features for business intelligence and analytics which is the foundation for building a strong e-audit system
- KUM provides facilitation services to entrepreneurs in terms of coordinating with KIADB in identification of vacant units/ land in industrial estates for entrepreneurs, providing information on incentives available in the state etc. 'Doing Business' document by KUM acts as an investor's guide and provides information on policy support, incentives/ concessions, roadmap for setting industry in Karnataka along with details on department wise key statutory clearances needed

Land & Building Related Approvals

- Allocation of land/sheds in the state managed industrial estates by KIADB/KSSIDC takes about a year, which places the state in the bottom 20 percentile of states;
- Majority of the entrepreneurs expressed that they were not satisfied with their experience on the land allocation due to (i) significant time taken, (ii) excessive documentation requirements and (iii) need for multiple visits to the concerned institution.
- Conversion of end use of land takes about 125 days which corresponds to the bottom 60 percentile of states. Most of the respondents were not satisfied with the experience due to multiple visits required to be made to the concerned department and excessive documentation requirements.
- Approval for building plan approximately takes about 60 days corresponding to the bottom 20 percentile of the states. There is an online system for building plan approval application – (<http://asbpa.bbmp.gov.in/bpams/bbmp/loginbbmp.aspx>). Majority of the respondent stated that they were not satisfied with their experience on building plan approval due to (i) standard objective procedures not being followed during the inspection process, (ii) need for multiple visits to the concerned agency and (iii) excessive documentation requirements.

Environment Clearances

- Consent to Establish and Consent to Operate takes around 78 days and 85 days which corresponds to top 60 percentile and bottom 40 percentile of states respectively.
- The state has an online system for environmental clearances (<http://gpcb.guj.nic.in/kr/login.aspx>).
- Majority of the respondents were satisfied with the experience of environmental clearances.

Other Business Regulatory Compliances

- Karnataka features in the top 60 percentile of states, with around 7 days being taken to get EM-1 registration. However it takes an average of 90 days to get an EM-2 registration, with the state featuring in the bottom 20 percentile. The state has an online system for application and tracking of EM forms (<http://27.251.36.101/dic1/DownloadApplication.aspx>). Majority of the respondents were not satisfied with the EM registration experience mainly due to the long-time taken and need for multiple visits to the concerned department.
- Karnataka Udyog Mitra (KUM) provides Single Window Facilitation in the state only for investments above Rs 3 Crores which is being recalibrated to Rs. 15 Crores. For units with investment outlay below this threshold, single window facilitation is not provided and applications are to be made at the District Industries Centres (DICs). The online portal for single window facilitation (e-udyami - <http://kum.karnataka.gov.in/>) allows application for clearances/ approvals from all major line departments to be made through a common application form (CAF). As the single window facilitation agency, KUM primarily provides facilitation services to investors on land

Suggestions by Stakeholders

- Entrepreneurs were of the view that online application mechanism along with tracking systems should be implemented by all departments for statutory clearances and registration as this will reduce the number of visits to departments and improve user experience
- Feedback from the industry associations and industry in Karnataka indicated that the key issues include multiplicity of inspections, criteria of inspection not being objective and significant amount of time required for ensuring compliance due to duplicity of documentations/ excessive documentations requirements for compliance with various laws
- Industry associations suggested that deemed approvals be considered for faster processing of clearances/ approvals required in areas like Land, Factories & Boilers, Forests, etc.

identification, information on facilities in the state etc. Based on feedback from industries and industry associations, it is understood that majority of the industries/respondents were not so satisfied with the service on account of (i) visits to multiple departments were still needed for follow up and (ii) additional documentation was still required to be submitted in spite of submitting the Common Application Form (CAF) through KUM. However, most respondents mentioned that the facilitation services provided by KUM were useful.

- Majority of the respondents were satisfied with the experience of interacting with the Industries Department/ DICs especially with respect to facilitation services. However respondents opined that multiple visits are required for obtaining approvals/ registrations/ licenses from various departments and the approval processes were not time bound.

Strategic Initiatives for consideration of the State

While the state features in the top 33.33 percentile of states in finance & tax related compliances, labour law related compliances and environmental clearances; it features in middle 33.33 percentile in other business regulatory compliances and bottom 33.33 percentile in infrastructure & utility related approvals and land & building related approvals.

- On infrastructure & utility related approvals, there is scope for deployment of IT-enabled (including GIS-enabled applications) processes with strong monitoring mechanisms for power connections and Fire NOC/ Licenses, thereby cutting down on time for processing new applications and increasing process effectiveness and transparency levels.
- For increasing the efficiency of land allotment within industrial estates, the state may consider adopting an IT/ GIS enabled land application and land allotment system which enables sharing of information in a transparent manner
- The state may aim to improve its Single Window Mechanism by:
 - Revising and standardizing the list of required documents which are required for applying through the Single Window (making it comprehensive) and thereby avoiding the possibility of delays on account of demand for further documents from the line departments.
 - Prescribing time limits for individual clearances under Single Window Mechanism may be considered with a view to making them reasonable while strengthening the monitoring mechanism for ensuring adherence.
 - Developing an IT based tracking system to monitor the status of the individual applications.

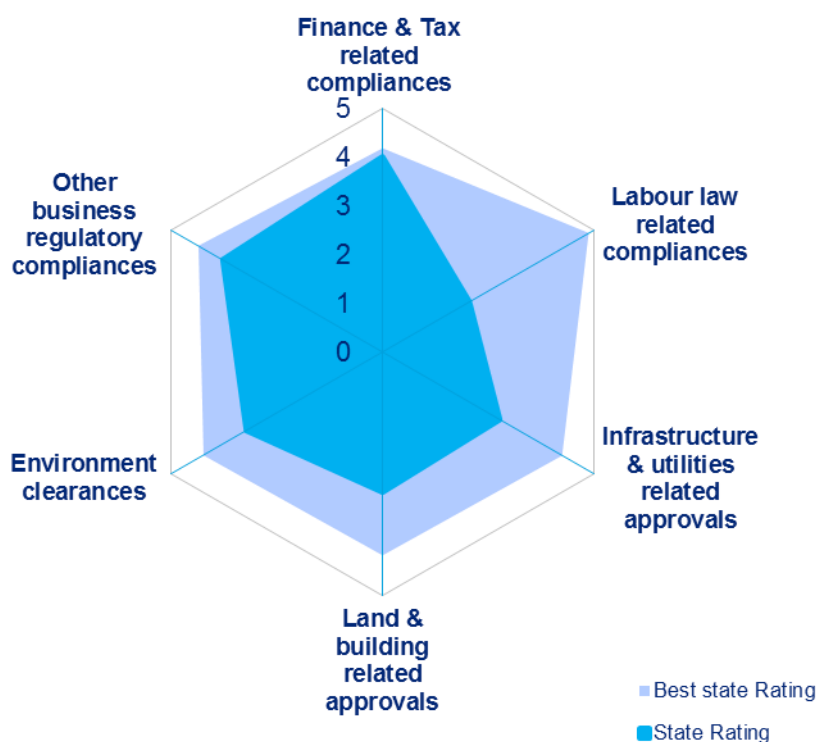
Kerala

Snapshot – Manufacturing Sector

Ranked 14th in the country in terms of share of manufacturing GDP, contributing around 1.9% of manufacturing GDP in 2011-12

- Manufacturing sector contributed 7.4% to Kerala's GSDP in 2011-12, with a CAGR of 4.3% between 2007-08 and 2011-12
- The sector employed around 1.6 million people in 2009-10 representing around 12.4 % Kerala's working population
- The top 3 sectors based on contribution to the state's manufacturing GDP are:
 - Food processing
 - Chemicals related
 - Rubber & plastic

Business Regulatory Environment – Key Findings



Finance & Tax related Compliances

- Application for State VAT registration and payment can be done online (<http://www.keralataxes.gov.in/forms/RC1.pdf>).
- VAT registration process approximately takes around 16 days corresponding to the top 60 percentile of states. Majority of respondents expressed satisfaction with their experience of registering for VAT.
- VAT payment takes around 1 day corresponding to top 40 percentile of states. Majority of respondents expressed satisfaction with the experience of VAT payment.
- The state government provides financial incentives for land development costs, building and improvement charges on existing building, essential office infrastructure, fixed cost of plant and machinery, electrification, generators and associated equipment. Certain thrust categories and start-ups have also been identified for additional subsidies under the scheme.
 - It takes around 3-6 months to avail incentives. Majority of the industries expressed satisfaction with process of availing state subsidies. The industry association and industries acknowledged that the initiative to bring all previously existing MSME subsidy schemes of the Kerala government under a single scheme known as the Entrepreneurs Support Scheme has been well received by the industries.

Stakeholders Comments on infrastructure

- Most micro and small industries expressed satisfaction with the infrastructure in the state
- Respondents felt that water availability for industries was inadequate in the state and need to be improved
- The respondents mentioned that quality and availability of power supply is adequate
- Feedback from the industries and industry associations suggest that land is one of the major constraints for setting up new manufacturing units in Kerala on account of very high cost as well as the non-availability land in existing industrial estates.

Innovative / Good Practices

Kerala has a provision for online status checking under the single window mechanism which helps entrepreneurs keep track of their applications (<http://swckerala.org/>)

Labour Law Related Compliances

- Registration/ renewal of licenses under Factories Act requires around 53 days with Kerala featuring in the bottom 40 percentile of states. Feedback from industries and industry associations indicated that the registration process is manual and requires multiple visits to the office of the Chief Inspector of Factories located in the state capital. Majority of the respondents were not satisfied with the time taken in obtaining registration/renewal of licenses under Factories Act on account of standard objective procedures not being followed for inspection.
- Majority of respondents were not satisfied with their experience in complying with other labour law related compliances.

Infrastructure & Utilities Related Approvals

- The state takes around 7 days for Fire NOC & License and features in the top 20 percentile of states. Application for Fire NOC & License is a manual process. Majority of respondents expressed satisfaction with the experience of obtaining Fire NOC & license mainly on account of reasonable time taken for clearance.
- Approvals for water connection are issued by the Kerala Water Authority (KWA) after submission of necessary documents manually and inspection at the KWA Sub-Division level. The KWA is in the process of instituting an online application system for water connection approvals. Obtaining approvals for water connection takes around 47 days corresponding to bottom 40 percentile of states. Many respondents were not satisfied with the time taken for obtaining the same on account of excessive documentation requirement and multiple visits required to be made to the concerned agency.
- Power connection approval requires about 45 days corresponding to top 20 percentile of states. Industry associations and industries mentioned that the application process for obtaining approval for power connection is manual; majority of the respondents were not satisfied with respect to the time taken to obtain the same. However, majority were satisfied with the processes in place.

Land & Building Related Approvals

- Conversion of end use of land takes approximately 65 days with the state featuring in the top 40 percentile of states. Majority of respondents expressed satisfaction regarding the process in place for obtaining the same.
- Approval for building plan which is provided manually approximately takes about 55 days which corresponds to the bottom 40 percentile of states. A majority of the industries surveyed were not satisfied with the time taken for obtaining Building clearances, especially on account of the need to make multiple visits to the concerned agency.

Suggestions by Stakeholders

- Entrepreneurs were of the view that information on various initiatives of the state government to promote industries needed to be disseminated better as many of them were unaware of these. Most respondents however were aware of existing business regulations in the state.
- Since land was in short supply entrepreneurs felt that a speedier mechanism to re-allot sheds that were no longer in use or have been closed down needs to be implemented in Industrial areas/ land banks
- The stakeholders suggested that DICs may function as facilitation centers. However, DICs need to be strengthened in terms of processes (leveraging IT based tools) and capacity of the existing human resources (focused training of various schemes, incentives, compliance requirements, etc.)

Environment Clearances

- Consent to Establish and Consent to Operate clearances takes less than a month with the state featuring in the top 20 percentile of states. The application process is manual. Majority of the respondents expressed satisfaction with respect to their experience of obtaining both clearances.

Other Business Regulatory Compliances

- With around 8 days being taken to get EM-1 the state features in the top 20 percentile of states. The registration is through an online process. Majority of respondents were satisfied with their experience of obtaining EM-1 registration.
- It takes about 7 days to get an EM-2 registration, with the state featuring in the top 20 percentile. Majority of respondents expressed satisfaction with the experience of obtaining EM-2 registration. An online application for the same has been implemented in the state.
- However, feedback from industry and industry associations suggested low awareness regarding the online system amongst micro & small scale industries leading them to continue with the manual filing process.
- The state has enacted the Kerala State Single Window Clearance Boards and Industrial Township Area Development Act, 1999 under which investors have the option of obtaining all required clearances through a single forum within a stipulated timeline.
- Although there is a common application form, the SWM is primarily a coordinating mechanism with processing of approvals taking place at the respective line departments.
- Industry association feedback indicated that while Tiny / Micro industries appeared satisfied with functioning of the DICs, small and medium industries were of the opinion that the DICs needed further empowerment and modernization of their facilities/ processes.

Strategic Initiatives for the Consideration of the State

The state features in the top 33.33 percentile of states in finance & tax related compliances, environment clearances and other business regulatory compliances. It features in the middle 33.33 percentile in land & building related approvals and infrastructure & utility related approvals. However, the state features in the bottom 33.33 percentile for labour law related compliances.

- For improving the process of labour law related compliances, standard procedures for inspection required for obtaining licenses under Factories Act may be developed and transparently shared with both staff as well as applicants to improve process effectiveness. Further, the state may consider implementing an online system for filing and tracking Factories Act related licences.

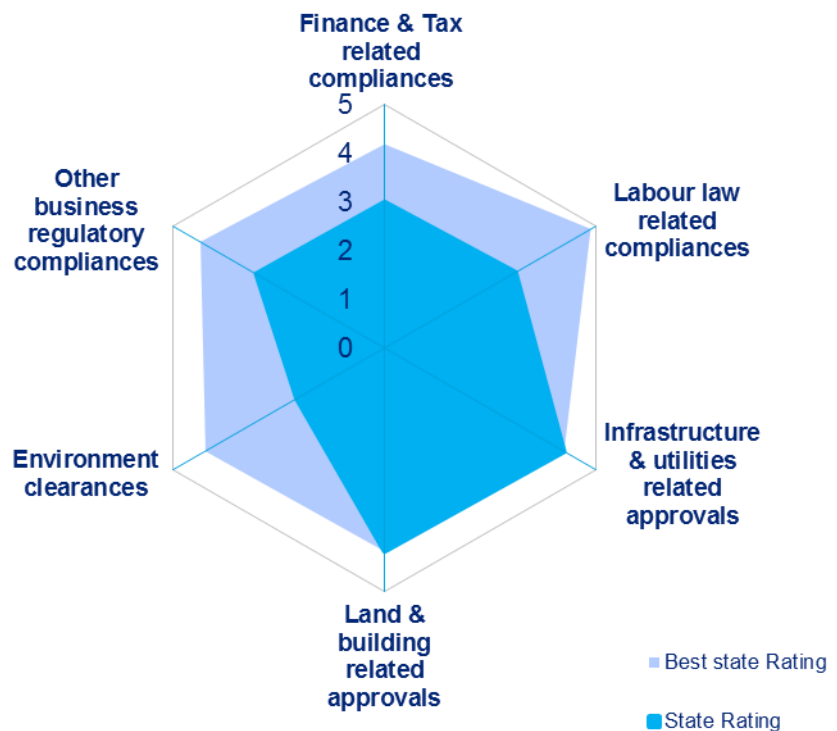
- On infrastructure & utility related approvals, there is scope for deployment of IT-enabled (including GIS-enabled applications) processes with strong monitoring mechanisms for both power and water connections, thereby cutting down on time for processing new applications and increasing process effectiveness and transparency levels.
- For increasing the efficiency of land allotment within industrial estates, consider adopting an IT/ GIS enabled land application and land allotment system which enables sharing of information in a transparent manner.

Madhya Pradesh

Ranked 11th in the country in terms of share of manufacturing GDP, contributing around 3.1% of manufacturing GDP in 2011-12.

- Manufacturing sector contributed 12.6% to Madhya Pradesh GSDP in 2011-12, with a CAGR of 8.8% between 2007-08 and 2011-12
- The sector employed around 1.8 million people in 2009-10 representing around 6.3 % of Madhya Pradesh's working population.
- The top 3 sectors based on contribution to the state's manufacturing GDP are:
 - Manufacturing of metallic/non-metallic products;
 - Textiles; and
 - Pharmaceuticals

Business Regulatory Environment – Key Findings



Finance & Tax Related Compliances

- Forms related to state VAT registrations can be filled online ([link-https://mptax.mp.gov.in](https://mptax.mp.gov.in)). However, the complete process including submission of documents and issuance of registration number takes approximately 15 days corresponding to top 60 percentile of the states.
- State VAT can be paid online but the tax returns need to be submitted in hard copy and the related process takes an average 7 days corresponding to the bottom 40 percentile of the states. Majority of the respondents expressed satisfaction with their experience of payment process.
- The state provides incentives/subsidies under Industrial Promotion Policy 2010. Some of the incentives provided include VAT refund, Entry Tax exemption, capital investment subsidy, Interest subsidy, etc. In addition, land subsidy and other fiscal incentives are provide for mega projects above an investment threshold.
- Feedback from industry and industry associations suggest that the time taken for obtaining incentives/ subsidies provided by the state government is around 6-12 months. The incentive application and approval process is manual. Majority of the respondents were satisfied with the experience of processes related to availing incentives.

Stakeholders Comments on Infrastructure

- Limited land is available in the industrial areas in vicinity of major cities; land is available in the industrial areas which are typically distant from urban areas and have limited infrastructure. However, the connectivity of industrial areas is good
- Power availability and quality is satisfactory

Innovative/ Good Practices

- MP Investment Facilitation Act 2008 is being amended by the state government which will provide timelines to various departments for issuing clearances related to new proposals. In addition the Act will also empower MD, Madhya Pradesh Trade and Investment Facilitation Corporation Limited to give deemed approval on case to case basis for the cases where the concerned department has not given clearance within the stipulated time period without recording any deficiencies in the application

Labour Law Related Compliances

- Registration/ renewal of licenses under Factories Act normally take approximately 16 days with the state featuring in the top 40 percentile; The process is manual. Majority of the respondents expressed satisfaction with their experience for obtaining/ renewing factories licence.
- Most of the respondents were satisfied with the labour registration and compliances. Many respondents expressed satisfaction with their experience related to labour law related compliances.

Infrastructure & Utilities Related Approvals

- Average time taken for new power connection is approximately 49 days with the state featuring in the top 20 percentile. The power department accepts online applications for new industrial connection and the status of the same can be tracked online (<http://www.mpwz.co.in>). Majority of the respondents expressed satisfaction with their experience of obtaining power connection related approvals
- Respondents indicated that in absence of water distribution facilities at the location of their manufacturing units, most units had to rely on making their own arrangements for boring/ laying pipelines for drawing water.
- NOC for Fire takes approximately 9 days which corresponds to top 20 percentile. The Fire NOC/ License application process is manual. Majority of the respondents expressed satisfaction with their experience of obtaining Fire NOC

Land & Building Related Approvals

- Land allocation in the state managed industrial areas takes approximately 90 days and corresponds to top 40 percentile of states. The application process is manual. Majority of the respondents expressed satisfaction with their experience of obtaining land in industrial estates
- Land end use conversion takes 45 days with the state positioned in the top 20 percentile. Majority of the respondents expressed satisfaction with their experience of land end use conversion.
- Building approvals generally takes approximately 34 days corresponding to the top 40 percentile. Status of building approvals can be checked online by applicants (<http://www.emptownplan.gov.in>). Majority of the respondents expressed satisfaction with their experience of obtaining building related approvals.

Environment Clearances

- Time taken for Consent to Establish is around 68 days (corresponding to the bottom 60 percentile of states) while Consent to Operate takes approximately 36 days (corresponding to the top 20 percentile).
- The environmental clearance processes are not IT enabled. Majority of the respondents expressed satisfaction with the process in place for obtaining

Suggestions by Stakeholders

Online systems should be implemented for applying for all key business related licenses/ approvals with the feature for tracking the status of applications by the applicants.

environmental clearances. However, many were not satisfied with their experience on time taken for both Consent to Establish and Operate. Feedback from Industry Associations and Industries indicated that the key reasons for delay was primarily on account of (i) delays in conducting inspections, (ii) standard objective procedures not being followed for the inspection process and (iii) complex documentation requirements.

Other Business Regulatory Compliances

- EM-1/ EM-2 registration is not online and time taken for EM-1 is around 7 days which corresponds to top 60 percentile of states, while that for EM-2 is 12 days with the state in the top 40 percentile. Respondents indicated that they were satisfied with the overall experience of EM filing.
- The state has a single window clearance system (Madhya Pradesh Trade and Investment Facilitation Corporation Limited) with a common application form, however it is primarily a nodal agency for facilitating projects with capital cost exceeding Rs. 25 crores in the state.
- Feedback from industry and industry associations indicate that the entrepreneurs have to approach different departments to obtain respective clearances/ approvals.
- As per Madhya Pradesh Facilitation Act 2008 and subsequent notification by the department on 27 July, 2009, three tier empowered committees have been established in the state for facilitating investments. The committees comprise of:
 - Apex Level Committee headed by the Chief Minister (investments > than Rs. 25 Cr)
 - State Level Committee headed by Industry Minister (Investments more 10 Cr but less than Rs. 25 Cr)
 - District Level Empowered Committee headed by District Collector (investments less than Rs. 10 Cr)

Strategic Initiatives for consideration of the State

While the state features in the top 33.33 percentile of states in infrastructure & utility related approvals, labour law related compliances and land & building related approvals; it features in the middle 33.33 percentile finance & tax related compliances and other business regulatory compliances and bottom 33.33 percentile in environmental clearance.

- As regards finance & tax related compliances, there is a need to improve the effectiveness of the incentive disbursement process. The Government may consider streamlining the subsidy/ reimbursement claims process by defining a time frame for such payments, and strengthening the monitoring mechanism for ensuring adherence to committed timelines.
- For improving the overall business regulatory environment, the state may aim to improve its Single Window Mechanism by:

- Revising and standardizing the list of required documents which are required for applying through the Single Window (making it comprehensive) and thereby avoiding the possibility of delays on account of demand for further documents from the line departments.
 - Developing an IT based tracking system to monitor the status of the individual applications.
- Environmental clearance is the other area which needs to be improved significantly. The Government could consider adopting an IT-enabled system for both the Consent to Establish and Consent to Operate approvals, with a facility for internal monitoring of timelines and milestones by senior officials and tracking of applications by the applicants. Standard document checklists for submission as well as standard procedures for inspection may be transparently shared with both staff as well as applicants to improve process effectiveness and cut down processing time.

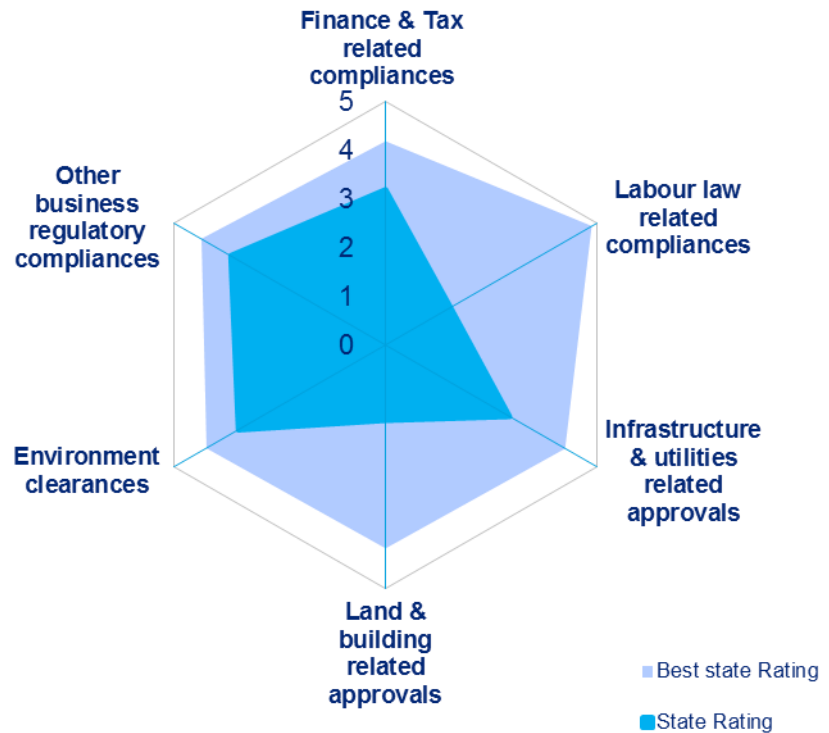
Maharashtra

Snapshot – Manufacturing Sector

Ranked 1st in the country in terms of share of manufacturing GDP, contributing around 18.9% of manufacturing GDP in 2011-12

- Manufacturing sector contributed 19.8% to Maharashtra's GSDP in 2011-12, with a CAGR of 3.1% between 2007-08 and 2011-12
- The sector employed around 5.3 million people in 2009-10 representing around 10.8 % of Maharashtra's working population
- The top 3 sectors based on contribution to the state's manufacturing GDP are:
 - Petroleum refined products
 - plastic products
 - general-purpose machinery

Business Regulatory Environment – Key Findings



Finance & Tax Related Compliances

- Application for State VAT registration can be done online (<http://mahavat.gov.in/Mahavat/index.jsp>); complete process approximately takes around 33 days corresponding to bottom 20 percentile of states. Most respondents expressed satisfaction on their experience with respect to obtaining VAT registration. However, feedback from industry associations and industries indicated that the time taken was mainly on account of physical submission of hardcopies of required documents even though online application had been submitted. Industry Association interactions in Maharashtra also indicated that most entrepreneurs have engaged Chartered Accountants for completing formalities regarding VAT registration on their behalf.
- The industries have an option for online payment of VAT. VAT payment takes around 2 days. Majority of the respondents expressed satisfaction regarding their experience with VAT payment.
- Maharashtra offers a “Packaged scheme of Incentives” which is renewed every 5 years. Key incentives / subsidies covered are: industrial promotion subsidy (VAT refund), stamp duty exemption, electricity duty exemption, interest subsidy for MSMEs, electricity tariff refund, financial assistance for water and energy audits. The process for applying for subsidies/ incentives and processing is manual.

Stakeholders Comments on Infrastructure

- Stakeholders indicated that acquisition and conversion of agricultural land in the state for industrial purposes is difficult thereby limiting land available for setting up manufacturing units
- Power supply is adequate in the state
- The industries opined that they were satisfied with the availability and quality of road networks

Innovative / Good Practice

- MIDC's online single window portal provides MIDC services ranging from the land department to fire, water, power, drainage, SPA (Special Planning Authority), technical advisory and IT Special Economic Zones. Any comments / issues raised during application scrutiny are uploaded to the online system and are visible to the applicant. Applicants can also respond to these comments online.
- Maharashtra has developed a "Doing business" brochure for providing guidance to investors on various business regulatory compliance requirements for starting a business.

- It takes around 3-6 months to avail incentives. Majority of the respondents expressed satisfaction with respect to their experience of availing incentives

Labour Law Related Compliances

- Registration / renewal of license under Factories Act require around 97 days with the State featuring in the bottom 20 percentile of states. A manual process needs to be followed while filing for Factories Act related licences. Majority of respondents expressed that they were not satisfied with their experience of obtaining Factories Act related licenses on account of (i) complex documentation requirements and (ii) standard objective procedures not being followed.
- Though most of the respondents expressed overall satisfaction with the processes for complying with other labour laws, some of the respondents expressed low satisfaction on account of the inspections conducted under various labour laws not being based on standard objective procedures and the documentation requirements were complex.

Infrastructure & Utilities Related Approvals

- Approval for new power connection requires on an average 65 days corresponding to top 40 percentile of states. The industries may apply online to obtain a power connection (<https://services.midcindia.org/services/>). Majority of respondents were not satisfied with their experience of obtaining approvals for power connections. Feedback from industries and industry associations indicate that industries still directly approach the concerned departments due to lack of awareness about the online application system.
- The state featured in the bottom 20 percentile of states for Fire NOC & License which takes around 60 days. Though the application process for obtaining fire NOC and license has been made online, manual processes were still being used for applications by most manufacturing units as level of awareness regarding the online system was limited.
- Water connection takes around 100 days with the state featuring in the bottom 20 percentile of states. The state has an online system in place for applying for water connection approvals. However, majority of respondents were not satisfied with their experience mainly on account of (i) complex documentation requirements, (ii) need for frequent visits to the department for follow up and (iii) delays in the inspection process.

Land & Building Related Approvals

- Allocation of land in the state managed industrial estates takes on an average more than a year which corresponds to bottom 20 percentile of states. The applications can be filed online. As per feedback from industries and industry associations, majority of respondents were not satisfied with the experience of obtaining land in industrial estates mainly on account of excessive documentation requirements and need for multiple visits to the concerned agency.

Suggestions by Stakeholders

- Industries suggest that inspection requirements under various laws should be integrated to improve efficiency. Units should be subjected to a single audit procedure with inspection which should apply for all tax laws, labour / factory laws and utility / pollution laws.
- Forms and documentation maintenance requirements under various laws should be relatively simpler for MSMEs given the size of operations. Also there should be greater provisions for self-declaration and deemed approvals.

- Land end use conversion takes about a year corresponding to the bottom 20 percentile of states. Majority of respondents were not satisfied with their experience of the same mainly on account of (i) lack of standard objective procedures and (ii) need for multiple visits to be made to the concerned department.
- Approval for building plan approximately takes 55 days and corresponds to the bottom 40 percentile of states. Applications for the same can be made online. However, feedback from industry associations indicates low usage of online system amongst MSMEs due to lack of awareness. As per our interactions with industry associations, majority of industries were not satisfied with their experience regarding the building plan approval process due to requirement of multiple visits to the concerned agency.

Environment Clearances

- The industries may apply online (<http://mah.ecobharat.com/> and <https://services.midcindia.org/services/>) for obtaining the environmental clearances.
- Consent to Establish takes around 60 days corresponding to the top 40 percentile of states. Majority of respondents were not satisfied regarding the process for obtaining the same on account of multiple visit requirements. However, they have expressed satisfaction with the time taken to obtain Consent to Establish.
- Consent to Operate takes around 48 days corresponding to the top 40 percentile of states. Some respondents were not satisfied regarding the process for obtaining the same on account of multiple visit requirements. However, majority has expressed satisfaction with the time taken to obtain Consent to Operate.

Other Business Regulatory Compliances

- Maharashtra features in the bottom 20 percentile, with around 23 days to get EM-1 registration and an average 30 days to get an EM-2 registration.
- The MIDC online portal (<https://services.midcindia.org/services/>) provides a facility to submit online applications for EM-1 and EM-2, however, many respondents expressed low awareness on availing the online registration facilities. Most of the respondents were not satisfied with respect to the time taken for obtaining EM registrations mainly on account of (i) manual submission of applications and (ii) need for multiple visits to the concerned department. However, majority of respondents were satisfied with the process in place for obtaining the same.
- The state has a Single Window Mechanism (SWM) with a common application form. The SWM is primarily a coordinating mechanism with processing of approvals taking place at the respective line departments. The SWM is administered through the Maharashtra Industrial Development Corporation (MIDC) online portal and is available for MIDC plot holders only. The portal enables online application for a range of MIDC and non MIDC services / approvals. However, feedback from some respondents indicated that the usage of the SWM appears limited given lack of awareness on SWM among industries.

- District Industries Centres manage “Udyog Setus” to assist small and medium industries to obtain clearances/ approvals from respective departments/ agencies within prescribed timelines. Majority of respondents were satisfied with the experience of interacting with the Industries Department/ DICs

Strategic Initiatives for consideration of the State

The state features in the top 33.33 percentile of states in finance & tax related compliances, infrastructure & utility related approvals, environment clearances and other business regulatory compliances. However, the state features in the bottom 33.33 percentile for labour law related compliances and land & building related approvals.

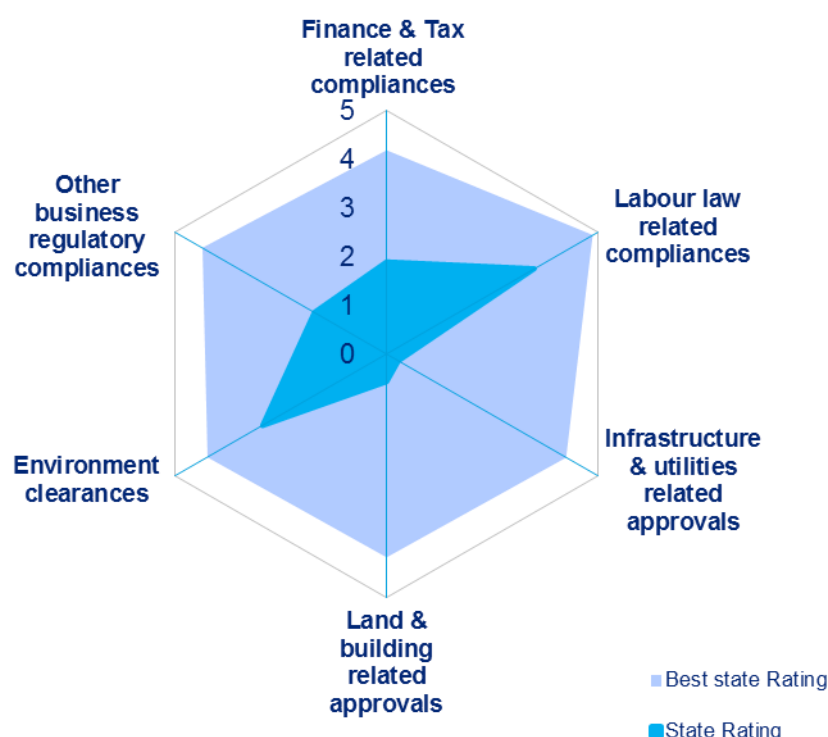
- For improving the process of labour law related compliances, standard procedures for inspection required for obtaining licenses Factories Act may be developed and transparently shared with both staff as well as applicants to improve process effectiveness. Further, the state may consider implementing an online system for filing and tracking Factories Act related licences.
- For increasing the efficiency of land allotment within industrial estates, consider adopting an IT/ GIS enabled land application and land allotment system which enables sharing of information in a transparent manner.

Manipur

Ranked 25th in the country in terms of share of manufacturing GDP, contributing around 0.04% of manufacturing GDP in 2011-12

- Manufacturing sector contributed 4.7 % to Manipur's GSDP in 2011-12, with a CAGR of 2.8% between 2007-08 and 2011-12
- The top 3 sectors based on contribution to the state's manufacturing GDP are:
 - Non-metallic mineral products;
 - Grain mill products, starches and starch products; and
 - Food processing

Business Regulatory Environment – Key Findings



Finance & Tax Related Compliances

- VAT registration is online and takes around 20 days with the state featuring in the bottom 40 percentile of states. Interactions with the industrial units indicated that the process is time consuming involving filling of several forms and multiple visits to the concerned department.
- VAT payment takes around 20 days corresponding to bottom 20 percentile of states. Majority of the respondents expressed satisfaction with their experience on VAT payment. Online system for payment of taxes has been introduced recently by the department (<http://web4.kar.nic.in/manipurereg/>).
- As part of the Industrial and Investment Policy of Manipur, 2013, investors can avail several fiscal and tax incentives including capital investment subsidy on investment in plant & machinery, interest subsidy on term loans, transport subsidy, power subsidy, and tax exemption under Manipur Value Added Tax Act and Central Sales Tax Act. In addition, the Central Government also provides several benefits under the North Eastern Industrial Investment & Promotion Policy.
 - Feedback from the respondents indicates that the process of availing subsidies under state schemes is difficult and usually takes significant time (around 1-2 years). Interactions with State Government officials indicated that disbursement of State subsidies is subject to availability of funds with the Department. Most respondents were not satisfied with the experience of availing

Stakeholders Comments on Infrastructure

- The State is power deficit and accessing power through the open access scheme is also difficult due to inadequate distribution infrastructure.
- Infrastructure existing within the industrial estates needs to be strengthened in terms of improving water and power supply, sewerage treatment system, proper roads etc.

incentives on account of (i) undue time taken, (ii) complex documentation requirements and (iii) multiple visits required to be made to the concerned department.

Labour Law Related Compliances

- Registration/ renewal of licenses under Factories Act requires around 8 days, with the state featuring in the top 20 percentile. The application process is manual. Majority of the industrial units expressed satisfaction with their experience of obtaining/ renewing licenses under Factories Act.
- Majority of respondents were satisfied with their experience on other labour law related compliances.

Infrastructure & Utilities Related Approvals

- Respondents in Manipur have indicated that in absence of water distribution facilities at the location of their manufacturing units, most units had to rely on making their own arrangements for boring/ laying pipelines for drawing water.
- Feedback from industry associations indicated low awareness among industries about requirement for fire NoC and license.
- Obtaining a power connection requires more than a year with the state featuring in the bottom 20 percentile of states. Interactions with the industry associations indicated that the application process is manual. Majority of respondents were not satisfied with their experience on obtaining power connection on account of (i) complex documentation requirements and (ii) need for multiple visits to the department.

Land & Building Related Approvals

- Allocation of land in the state managed industrial estates takes around 180 days with the state featuring in the bottom 40 percentile of states. Majority of respondents were not satisfied with their experience of obtaining land related approvals as it requires multiple visits to the department and complex documentation.
- Approval for building plan takes about 180 days which corresponds to the bottom 20 percentile of states. Majority of the respondents were not satisfied with their experience of obtaining building related approvals. Feedback from respondents indicated that (i) the process is manual & time consuming, (ii) requires complex documentation and (iii) involves multiple visits to the concerned department.

Environment Clearances

- The environmental clearance process is manual.
- Obtaining Consent to Establish takes around 35 days with the State featuring in the top 40 percentile of states and Consent to Operate takes around 30 days with the State featuring in the top 20 percentile. Respondents were satisfied with their experience of obtaining environmental clearances.

Suggestions by Stakeholders

- It was suggested that the documentation requirements for availing subsidies provided by the North East Industrial and Investment Promotion Policy, 2007 (NEIIPP) and Transport Subsidy Scheme (TSS) should be simplified.

Other Business Regulatory Compliances

- With around 10 days and 16 days required to get EM-1 and EM-2 registrations, respectively, the state features in the bottom 40 percentile of states. However, majority of the respondents were satisfied with their experience of obtaining EM registrations.
- There is no single window mechanism in the State and the entrepreneur has to apply for the requisite clearances/ approvals and follow up with respective line departments which respondents indicated was time consuming.
- Majority of respondents were satisfied with the overall experience of interacting with the Industries Department/ DICs

Strategic Initiatives for consideration of the State

While the state features in top 33.33 percentile of states in Labour Law related compliances, it features in the middle 33.33 percentile in environmental clearances and bottom 33.33 percentile in other business regulatory compliances, infrastructure & utility related approvals, finance & tax related compliances and land & building related approvals.

- To improve the overall business regulatory compliance environment in the state, the state may consider setting up a single window mechanism for receiving required applications for clearances/ approvals/ licenses for setting up an industry at a single point through a common application form, along with a mechanism for monitoring the status of clearance at the respective departments
- The state may consider developing online systems for receiving applications and tracking processing of applications for obtaining water and power connections
- For increasing the efficiency of land allotment within industrial estates, the state may consider adopting an IT/ GIS enabled land application and land allotment system which enables sharing of information in a transparent manner
- Environmental clearance is the other area which needs to be improved significantly. The Government could consider adopting an IT-enabled system for both the Consent to Establish and Consent to Operate approvals, with a facility for internal monitoring of timelines and milestones by senior officials and tracking of applications by the applicants. Standard document checklists for submission as well as standard procedures for inspection may be transparently shared with both staff as well as applicants to improve process effectiveness and cut down processing time.
- To improve the process of availing subsidies, the documentation requirements may be simplified by issuing a checklist of documents required to be appended with the application and sharing the same with the industries through industry associations/ department website

The state may also, consider implementing an IT based monitoring system to track status of processing of applications at the concerned departments for ensuring that disbursements/ refunds are made within a specified time limit.

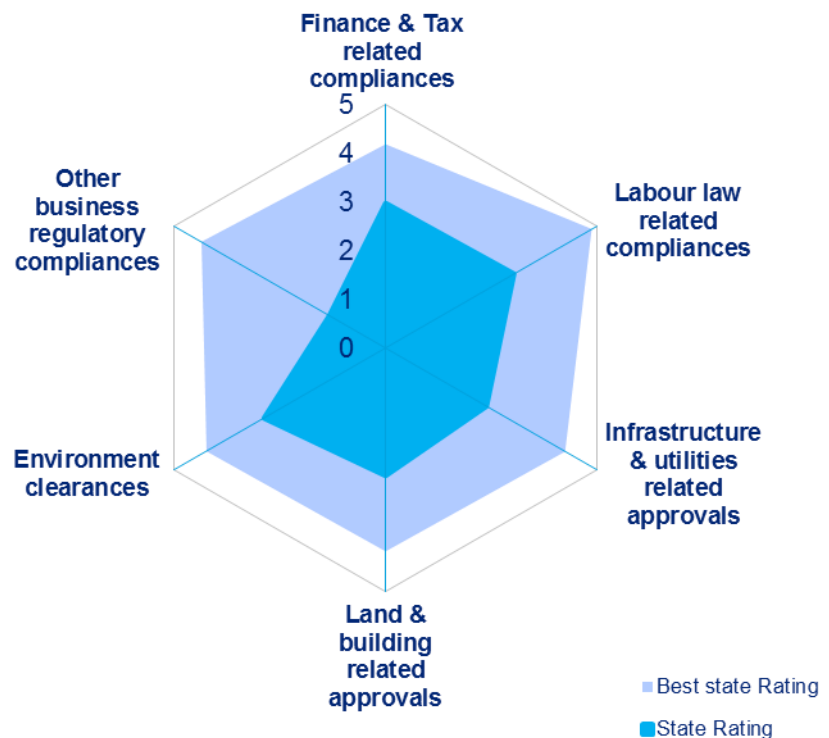
Meghalaya

Snapshot – Manufacturing Sector

Ranked 23rd in the country in terms of share of manufacturing GDP, contributing around 0.1% of manufacturing GDP in 2011-12

- Manufacturing sector contributed 6.9 % to Meghalaya's GSDP in 2011-12, with a CAGR of 8.6% between 2007-08 and 2011-12
- The top 3 sectors based on contribution to the state's manufacturing GDP are:
 - Non-metallic mineral products
 - Paper & paper products
 - Chemicals

Business Regulatory Environment – Key Findings



Finance & Tax Related Compliances

- State VAT registration takes around 23 days with Meghalaya featuring in the bottom 40 percentile of states. However majority of respondents expressed satisfaction with their experience on VAT registration.
- Option for online payment of VAT is available (https://meghalayaonline.gov.in/Registration/reg_details.jsp). VAT payment takes around 1 day corresponding to top 40 percentile of states. Majority of the respondents expressed satisfaction with their experience on VAT payment.
- As part of the Industrial and Investment Promotion Policy of Meghalaya, 2012, investors can avail several fiscal and tax incentives including capital investment subsidy on investment in plant & machinery, interest subsidy on term loans, power subsidy and tax remission on Sales Tax (MVAT) and Central Sales Tax. In addition, the Central Government also provides several benefits under the North Eastern Industrial Investment & Promotion Policy.
 - Majority of respondents were not satisfied with their experience of obtaining subsidy disbursement. Feedback from industry associations and industries indicated that availing subsidies under state schemes usually takes significant time (around 1-2 years). Feedback from State Government officials indicated that disbursal

Stakeholder Comments on Infrastructure

- The State is power deficit with only few medium / large enterprises being able to obtain power through the open access scheme.
- Infrastructure at the industrial estates need to be strengthened in terms of improved parking facilities, presence of staff welfare amenities, motorable roads etc.
- Absence of rail connectivity is a key concern for providing affordable linkages with vendors and markets

of state subsidies is subject to availability of funds with the Department.

Labour Law Related Compliances

- Registration/ renewal of licenses under Factories Act is a manual process which requires around 22 days, with the state featuring in the top 40 percentile of states. Majority of the respondents expressed satisfaction with their experience on registration/ renewal of licenses under Factories Act.
- Majority of the respondents in the state expressed satisfaction with respect to the processes in place regarding other labour law related compliances. However, they were not satisfied with the time taken for complying with the same which is mainly due to lack of information on the registration processes and complex documentation requirements.

Infrastructure & Utilities Related Approvals

- Getting a Fire NOC takes an average 14 days with the State featuring in the top 40 percentile of states. Majority of the respondents expressed satisfaction regarding their experience in obtaining fire NOC.
- Getting approval for a water connection requires an average 17 days with the State featuring in the top 20 percentile. Majority of the respondents expressed satisfaction with their experience on obtaining the same.
- Obtaining approval for power connection requires more than a year with the state featuring in the bottom 20 percentile of states. Majority of the respondents were not satisfied with their experience on obtaining approvals for power connection. Feedback from industry associations indicated that the process is time consuming with the investor required to fill several forms and make multiple visits to the department.
- The industry associations and industries mentioned the filing process for obtaining water & power connections and Fire NOC is not IT enabled.

Land & Building Related Approvals

- Allocation of land in the state managed industrial estates takes around 90 days with Meghalaya featuring in the top 40 percentile of States. Majority of respondents expressed satisfaction with the process for obtaining land allotment. However, they were not satisfied with the time taken on account of multiple visits and standard objective procedures not being followed.
- Feedback from entrepreneurs in Meghalaya indicated that as most of them belonged to micro & small sectors they had mostly taken up land in industrial estates. Hence they did not have any experience with the approval process for conversion for end use of land.

Environment Clearances

- Obtaining Consent to Establish takes around 35 days with Meghalaya featuring in the top 40 percentile of states.
- Consent to Operate takes around 30 days with Meghalaya featuring in the top 20 percentile of states

Suggestions by Stakeholders

- Micro and Small Scale industries find it difficult to comply with the documentation requirements for availing subsidies provided by the North East Industrial and Investment Promotion Policy, 2007 (NEIIPP) and Transport Subsidy Scheme (TSS). These need to be simplified.
- Some entrepreneurs highlighted that the Capital Investment Subsidy component of the NEIIPP policy has been diluted with the reduction in the number of components eligible for availing subsidies under plant & machinery

- The processes of obtaining environmental clearances are manual. Majority of the respondents expressed satisfaction with their experience of obtaining Consent to Establish & Consent to Operate.

Other Business Regulatory Compliances

- EM-1 and EM-2 registration takes on an average 17 days and 15 days respectively, with the state featuring in the bottom 20 percentile and bottom 60 percentile respectively. EM filing process is manual. Majority of the respondents expressed satisfaction with their experience of obtaining both EM-1 & EM-2 registration.
- While there is a single window agency in the State, feedback from industry associations indicated that it does not facilitate clearances / approvals from various line departments. It only provides initial approval (i.e. either 'Go' or 'No-Go') to the proposals submitted by entrepreneurs. The entrepreneur subsequently has to follow up with respective line departments for obtaining requisite clearances/ approvals which is time consuming and requires multiple visits to the respective departments.
- Majority of the respondents expressed satisfaction with the experience of interacting with the Industries Department/ DICs.

Strategic Initiatives for consideration of the State

The state features in the middle 33.33 percentile of states in finance & tax related compliances, labour law related compliances, infrastructure & utility related approvals, land & building related approvals and environment clearances. However, the state features in the bottom 33.33 percentile for other business regulatory compliances.

- To improve the overall business regulatory compliance environment in the state, consider setting up a single window mechanism for receiving required applications for clearances/ approvals/ licenses for setting up an industry at a single point through a common application form, along with a mechanism for monitoring the status of clearance at the respective departments
- To improve the process of availing subsidies, the documentation requirements may be simplified by issuing a checklist of documents required to be appended with the application and sharing the same with the industries through industry associations/ department website
The state may also consider implementing an IT based monitoring system to track status of processing of applications at the concerned departments for ensuring that disbursements/ refunds are made within a specified time limit.
- For improving the process of labour law related compliances, standard procedures for inspection required for obtaining licenses under the Factories Act may be developed and transparently shared with both staff as well as applicants to improve process effectiveness. Further, the state may consider implementing an online system for filing and tracking Factories Act related licences.

- The state may consider developing online systems for receiving applications and tracking processing of applications for obtaining water and power connections
- For increasing the efficiency of land allotment within industrial estates, the state may consider adopting an IT/ GIS enabled land application and land allotment system which enables sharing of information in a transparent manner
- Environmental clearance is the other area which needs to be improved significantly. The Government could consider adopting an IT-enabled system for both the Consent to Establish and Consent to Operate approvals, with a facility for internal monitoring of timelines and milestones by senior officials and tracking of applications by the applicants. Standard document checklists for submission as well as standard procedures for inspection may be transparently shared with both staff as well as applicants to improve process effectiveness and cut down processing time.

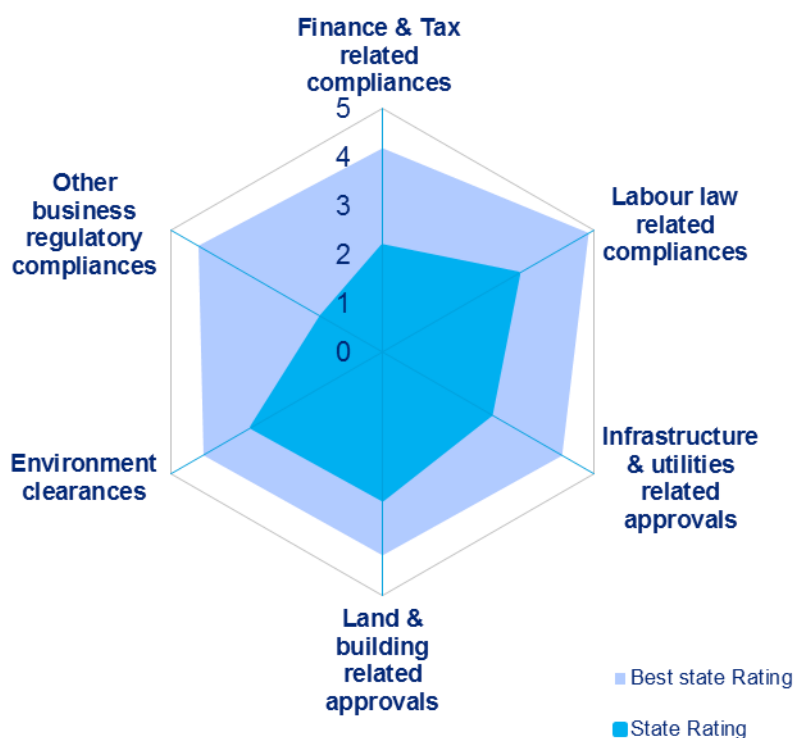
Mizoram

Snapshot – Manufacturing Sector

Ranked 28th in the country in terms of share of manufacturing GDP, contributing around 0.01% of manufacturing GDP in 2011-12

- Manufacturing sector contributed 1.3% to Mizoram's GSDP in 2011-12, with a CAGR of 4.6% between 2007-08 and 2011-12
- The top 3 sectors based on contribution to the state's manufacturing GDP are:
 - Bamboo Processing,
 - Sericulture
 - Food Processing

Business Regulatory Environment – Key Findings



Finance & Tax Related Compliances

- Application for State VAT registration can be done online (<http://www.zotax.nic.in/>); complete process approximately takes around 24 days with the state featuring in the bottom 40 percentile of states. However, most of the respondents have indicated that they continue to apply for VAT registration manually which can be attributed to the fact that most of the respondents are not aware about the online application process.
- VAT payment has also been made online (<http://www.zotax.nic.in/>); however, the overall process takes approximately 16 days with the state in the bottom 20 percentile. Most of the respondents have indicated that they continue to make VAT payments and file VAT returns manually.
- The Industrial Policy of Mizoram was first notified on March 1989 and has been subsequently revised with provisions of various incentives, keeping in view of the large scale changes in the industrial scenario with the last revision being made in 2012. However, based on our discussion with the state government officials, we were given to understand that the state budget does not have a provision for providing incentives as specified under the Mizoram Industrial Policy 2012 resulting in the schemes not being administered.
 - Feedback from the respondents indicated that the process of availing subsidies usually takes significant time (around 2 years).

Stakeholder comments on infrastructure

- The infrastructural facilities available at the Industrial Estates / Growth Centers / EPIP etc. in terms of water connection, power connection and road infrastructure are not adequate for an Industrial Unit for availing plots there
- In absence of water & power connection at the Industrial Estates, the Industrial Units have to lay down the pipelines for availing a water connection & make own arrangement for providing cables from power sub-stations to the unit to avail a power connection.

The incentive approval process is manual. Most of the respondents were not satisfied with the experience of availing incentives on account of (i) undue time taken, (ii) complex documentation requirements and (iii) need for multiple visits to be made to the concerned department.

Labour Law Related Compliances

- Registration/ renewal of licenses under Factories Act requires around 10 days, with the state featuring in the top 20 percentile of states. The application process is manual. Majority of the respondents were satisfied with their experience on obtaining/renewing licenses under Factories Act.
- Majority of the industrial units were satisfied with their experience on other labour law related compliances.

Infrastructure & Utilities Related Approvals

- The processes of obtaining power and water connections are manual.
- Obtaining water connection related approvals requires around 1 month corresponding to top 40 percentile of states. The approval process is manual. Most of the respondents were not satisfied with the experience of obtaining water connection related approvals on account of long time taken and need for multiple visit to be made to the concerned department/ agency.
- Power connection requires an average 100 days corresponding to bottom 40 percentile of states. The power connection application process is manual. Most of the respondents expressed satisfaction with their experience in availing power connection related approvals.
- Feedback from industry associations indicated low awareness among industries in Mizoram about requirement for fire NoC and license.

Land & Building Related Approvals

- Allocation of land in the state managed industrial estates takes about 90 days with the state featuring in the top 40 percentile of states. The land allocation process is manual. Most of the respondents were satisfied with the experience on obtaining land in industrial estates.
- Feedback from entrepreneurs in Mizoram indicated that as most of them belonged to micro & small sectors they had mostly taken up land in industrial estates. Hence they did not have any experience with the approval process for conversion for end use of land.
- Building plan approval takes around 30 days which corresponds to top 40 percentile of states. The building plan approval application system is manual. Majority of the respondents expressed satisfaction with their experience on building plan related approvals.

Suggestions by Stakeholders

- The ceiling on the subsidies as stipulated in NEIPP 2007 should be evaluated & revised periodically as the expenses incurred as on date is significantly higher vis-à-vis ceilings stipulated in NEIPP 2007 which has not been revised since then.
- Planning for establishment of Industrial clusters should take cognizance of key raw material availability in the respective regions
- Easing the Inner Line Permit requirements shall be beneficial for the state in bringing in requisite skill sets required for medium & large scale industries
- Introduction of an Air Transport subsidy should be considered in order to cater to development of the highly perishable goods industry (like food processing sector)

Environment Clearances

- Consent to Establish and Consent to Operate takes around 30 days corresponding to top 20 percentile of states.
- The processes for obtaining environmental clearances are manual. Most of the respondents expressed satisfaction with their experience of obtaining the environmental clearances.

Other Business Regulatory Compliances

- Mizoram features in the bottom 60 percentile for both EM-1 and EM-2 registration with around 6 days being taken to get EM-1 registration and approximately 13 days to obtain an EM-2 registration. The EM filing process is manual. Majority of respondents were satisfied with the experience of EM registration.
- While a Single Window Facility has been established by the Directorate of Industries, Government of Mizoram, based on our discussions with the State Government officials, it is understood that currently the Single Window Clearance mechanism is not functional in the State.
- Majority of respondents were satisfied with the experience of interacting with the Industries Department/ DICs primarily on account of quick response to queries

Strategic Initiatives for consideration of the State

While the state features in top 33.33 percentile of states in Labour Law related compliances, it features in the middle 33.33 percentile in environmental clearances, infrastructure & utility related approvals and land & building related approvals. It is in bottom 33.33 percentile in other business regulatory compliances and finance & tax related compliances.

- To improve the overall business regulatory compliance environment in the state, consider setting up a single window mechanism for receiving required applications for clearances/ approvals/ licenses for setting up an industry at a single point through a common application form, along with a mechanism for monitoring the status of clearance at the respective departments
- The state may consider developing an online application for receiving and tracking the status of EM related applications.
- For improving the process of availing subsidies, the documentation requirements may be simplified by issuing a checklist of documents required to be appended with the application and sharing the same with the industries through industry associations/ department website
The state may also consider implementing an IT based monitoring system to track status of processing of applications at the concerned departments for ensuring that disbursements/ refunds are made within a specified time limit.

- The state may consider developing online systems for receiving applications and tracking processing of applications for obtaining water and power connections
- For increasing the efficiency of land allotment within industrial estates, consider adopting an IT/ GIS enabled land application and land allotment system which enables sharing of information in a transparent manner
- Environmental clearance is the other area which needs to be improved significantly. The Government could consider adopting an IT-enabled system for both the Consent to Establish and Consent to Operate approvals, with a facility for internal monitoring of timelines and milestones by senior officials and tracking of applications by the applicants. Standard document checklists for submission as well as standard procedures for inspection may be transparently shared with both staff as well as applicants to improve process effectiveness and cut down processing time.

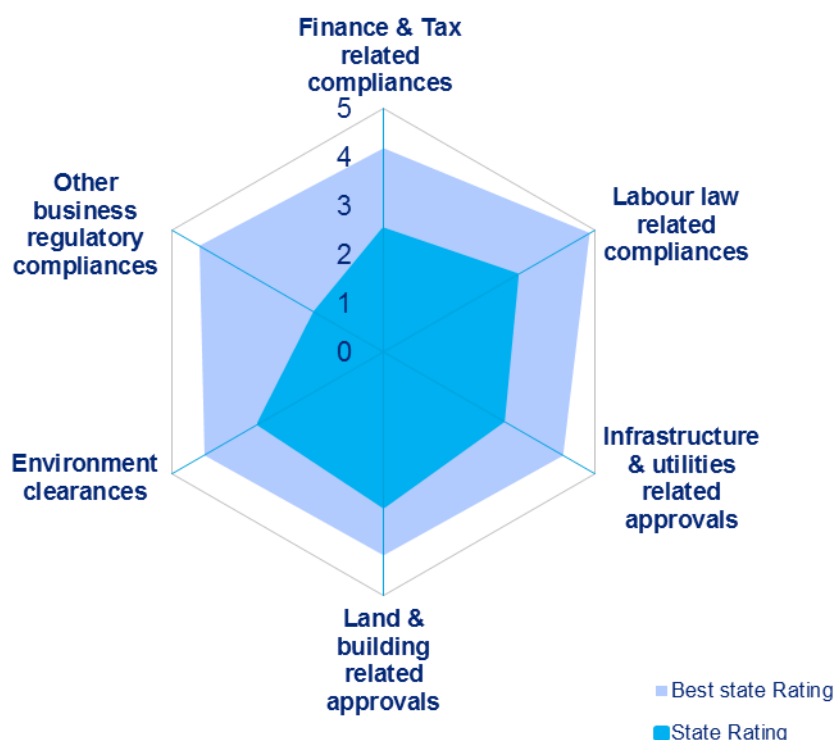
Nagaland

Snapshot – Manufacturing Sector

Ranked 26th in the country in terms of share of manufacturing GDP, contributing around 0.03% of manufacturing GDP in 2011-12

- Manufacturing sector contributed 2.6% to Nagaland's GSDP in 2011-12, with a CAGR of 12.5% between 2007-08 and 2011-12
- The top 3 sectors based on contribution to the state's manufacturing GDP are:
 - Wood Manufacturing
 - Non-Metallic Mineral Products
 - Food Processing

Business Regulatory Environment – Key Findings



Finance & Tax Related Compliances

- Application for State VAT registration can be filed online (<http://www.nagalandtax.nic.in/>); complete process takes around 8 days corresponding to the top 20 percentile of states. Majority of respondents have expressed satisfaction with their experience on VAT registration for the same.
- The overall VAT payment process takes approximately 6 days corresponding to the bottom 40 percentile of states. VAT payment can be made online (<http://www.nagalandtax.nic.in/>). However, most of the respondents indicated that they were making payments and filing VAT returns manually. Majority of respondents have expressed satisfaction with respect to their experience regarding VAT payments.
- Though the State Industry Policy was formulated in 2000 & later revised in 2004; it is yet to be notified; hence the Industrial units are currently unable to avail the subsidies/benefits as stipulated in the policy.
 - Most of the respondents were not satisfied with the subsidy disbursement process. Feedback from industry associations and industries indicates that availing subsidies under various schemes including NEIIPP usually takes significant time (more than 2 years) on account of (i) standard objective procedures not being followed and (ii) excessive documentation requirement.

Suggestions comment on infrastructure

- Nagaland being a power deficit state, availability of power supply is one of the key constraints for manufacturing units
- Infrastructure at the industrial estates need to be strengthened in terms of improved better roads, power supply and water supply facilities
- Road infrastructure also needs to be improved in the state
- Availability of water supply has also been mentioned as one of the key constraints by many manufacturing units

Labour Law Related Compliances

- Majority of the respondents expressed satisfaction with their experience of availing registration/ renewal of licenses under Factories Act which requires around 10 days, placing Nagaland among the top 20 percentile of states. The process is manual.
- Majority of the respondents expressed satisfaction regarding their experience in complying with other labour law related compliances as well.

Infrastructure & Utilities Related Approvals

- The state does not have an online system for submitting applications or processing connection requests for utilities or obtaining / renewing fire NOC & License and power connection related approvals.
- Fire NOC & License can be obtained in about 10 days, corresponding to top 40 percentile of states. Majority of the respondents expressed satisfaction with respect to their experience on obtaining the same.
- Obtaining approvals for power connection requires on an average 96 days corresponding to top 60 percentile of states. Majority of the respondents expressed satisfaction regarding their experience in obtaining approvals for power connections. However, feedback from respondents indicated that the delay in obtaining new power connection was primarily on account of time taken for load sanctioning as the state is power deficit.
- Feedback from respondents indicate that in absence of water distribution facilities at the location of their manufacturing units, most units had to rely on making their own arrangements for boring/laying pipelines for drawing water; hence they have had no experience in obtaining approval for water connection.

Land & Building Related Approvals

- Obtaining land in the state managed Industrial Growth Centres (IGC) takes about 45 days corresponding to top 20 percentile of states. The application process is manual. Majority of the respondents who have taken land in the IGC have expressed satisfaction with their experience in availing the same.
- Respondents have also expressed satisfaction with their experience in obtaining approval for building plan which approximately takes about 30 days and corresponds to the top 40 percentile of states. The process for building plan approval is manual.

Environment Clearances

- Mechanism for availing environmental clearances from Pollution Control Board is manual.
- Consent to Establish from the State Pollution Control Board takes around 30 days corresponding to the top 20 percentile of states. Majority of respondents were satisfied with their experience of obtaining Consent to Establish.

Suggestions by Stakeholders

- The ceiling on the subsidies as stipulated in NEIPP 2007 should be evaluated & revised periodically as the expenses incurred as on date is significantly higher vis-à-vis ceilings stipulated in NEIPP 2007 which has not been revised since then.
- Introduction of an Air Transport subsidy should be considered in order to cater to development of the highly perishable goods industry (food processing sector)
- Level of information sharing with respect to business regulatory environment and benefits provided under various schemes needs to be improved.

- It takes around 45 days to obtain Consent to Operate from the State Pollution Control Board corresponding to the top 40 percentile of states. Majority of the respondents expressed satisfaction regarding their experience in availing the same.

Other Business Regulatory Compliances

- The state features in the top 40 percentile of states for getting both EM-1 and EM-2 clearance with around 5 days being taken to get EM-1 registration and around 9 days to get an EM-2 registration. The EM filing process is manual. Majority of respondents were satisfied with their experience in registering for EM-1 & EM-2.
- The state does not have a Single Window Clearance mechanism for facilitating entrepreneurs with required information for dealing with the regulatory requirements for setting up a new industrial unit.
- Majority of respondents expressed satisfaction in terms of experience of interacting with the Industries Department/ DICs primarily on account of quick response to queries

Strategic Initiatives for consideration of the State

The state features in the top 33.33 percentile of states in labour law related compliances, infrastructure & utilities related approvals and land & building related approvals. The state features in the middle 33.33 percentile for environment clearances. However, the state features in the bottom 33.33 percentile for finance & tax related compliances and other business regulatory compliances.

- As the State Industrial Policy is yet to be notified; the Industrial units are currently unable to avail the subsidies/benefits as stipulated in the policy. The state may consider revising the policy in line with the current investment climate adopting best practices from the industrial policies of other states. On implementation of the incentive schemes post notification of same, the state may also consider implementing an IT enabled online application submission and monitoring system to track the application processing for ensuring disbursal of subsidies under state schemes takes place within a specified time limit
- To improve the overall business regulatory climate, the state may consider implementing a two-tier Single Window Mechanism, for requisite approvals/clearances, at district level for small & micro industries and state level for medium, large & mega industries, supported by a robust IT enabled online application submission and monitoring system.
- Environmental clearance is an area which needs to be improved significantly. The Government could consider adopting an IT-enabled system for both the Consent to Establish and Consent to Operate approvals, with a facility for internal monitoring of timelines and milestones by senior officials and tracking of applications by the applicants. Standard

document checklists for submission as well as standard procedures for inspection may be transparently shared with both staff as well as applicants to improve process effectiveness and cut down processing time

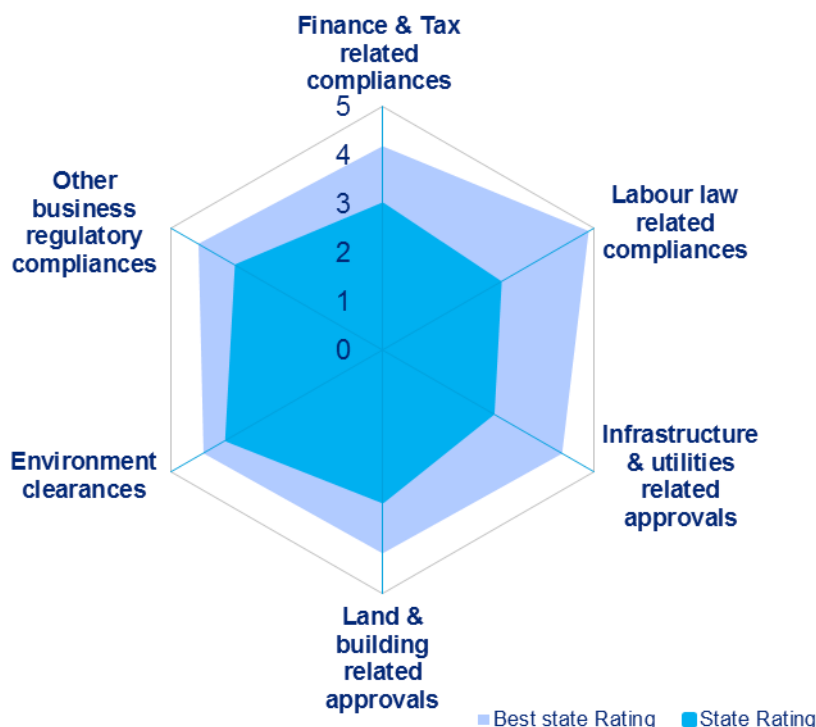
Odisha

Snapshot – Manufacturing Sector

Ranked 13th in the country in terms of share of manufacturing GDP, Odisha contributed around 2.6% to India's manufacturing GDP in 2011-12

- Manufacturing sector contributed 16.2% to Odisha's GSDP in 2011-12, with a CAGR of 7.0% between 2007-08 and 2011-12
- The sector employed around 1.4 million people in 2009-10 representing around 8.3 % of Odisha's working population
- The top 3 sectors based on contribution to the state's manufacturing GDP are:
 - Basic iron & steel, non-ferrous metals and basic chemicals;
 - Fertilizers; &
 - Plastics

Business Regulatory Environment – Key Findings



Finance & Tax Related Compliances

- Application for State VAT registration can be filed online (<https://odishatax.gov.in/Portal/eRegistration/FirstTimeRegistration.aspx>); complete process approximately takes about 30 days which corresponds to bottom 20 percentile of states. Feedback from industry associations indicated that the key reason for delays was that post application multiple visits that were required to the concerned department for follow up.
- State VAT payment can be paid online (<https://www.odishatreasury.gov.in/echallan/ChallanSubmission.do?deptcode=COM>). Time taken for VAT payment is 1 day corresponding to top 40 percentile of states. Majority of respondents expressed satisfaction with their experience of VAT payment.
- Industrial Policy Resolution - 2007 provides various incentives to investors. Key fiscal incentives include VAT exemption on select sectors like khadi, village, cottage and handicraft industrial units, entry tax exemption for new micro & small units in thrust areas, VAT reimbursement, power duty exemption, interest subsidy for small and micro units and quality certification reimbursement.
 - The application process for availing incentives is manual. It takes around 6-12 months to avail incentives. Majority of respondents were not satisfied with the experience of availing incentives

Stakeholders Comments on infrastructure

- Stakeholders commented that land is not easily available in the state and vacancy in industrial estates is also limited
- Some industries commented upon the shortage of power, especially during the peak demand period. Further some respondents expressed low satisfaction with the quality of power supply.
- Stakeholders acknowledged the improvement in the quality of roads in the state

primarily on account of (i) complex documentation and (ii) standard objective procedures not being followed.

Labour Law Related Compliances

- Registration/ renewal of licenses under Factories Act require around 40 days (corresponding to bottom 60 percentile of states). The process for obtaining/ renewing licenses under Factories Act is manual. Most respondents were satisfied with the experience of obtaining/ renewing licenses under Factories Act.
- Majority of respondents were satisfied with their experience on other labour law related compliances.

Infrastructure & Utilities Related Approvals

- Obtaining/ renewing Fire NOC & License take approximately 48 days corresponding to bottom 40 percentile of states. The Fire NOC & Licensing approval process is manual. Majority of the respondents expressed satisfaction with their experience of obtaining/ renewing Fire NOC & License.
- Water connection related approvals takes around 30 days with the state featuring in top 40 percentile. Odisha has an online application facility for obtaining a new water connection (<https://www.ulbodisha.gov.in/or/ulb>). Majority of the respondents expressed satisfaction with their experience of obtaining a new water connection related approvals.
- Obtaining new power connection related approvals requires around 120 days corresponding to the bottom 40 percentile of states. Many respondents were not satisfied with the time taken for obtaining power connection related approvals. Feedback from industry associations & industries indicate that multiple visits are required to be made to the concerned department.

Land & Building Related Approvals

- Allocation of land in the state managed industrial estates takes about 186 days corresponding to bottom 20 percentile of states. Majority of the entrepreneurs expressed low satisfaction on the time taken. However, majority of the respondents expressed satisfaction with the processes being followed for allotting land in industrial estates.
- Majority of the respondents from the state especially those belonging to micro and small sector had units in industrial estates and did not have any experience with the land end use conversion process. Feedback from industry associations in Odisha indicated that land end use conversion usually takes around 6 months.
- Approval for building plan approximately takes about 53 days and corresponds to the bottom 40 percentile of states. However, majority of the respondents have expressed satisfaction with their experience of obtaining building plan approval. Building plan submission process is online (<http://202.71.140.158:8811/bpams/bda/LoginArchitect.aspx#>).

Innovative / Good Practices

- The state MSME policy makes it mandatory for Large and Mega industries to earmark & develop downstream and ancillary MSMEs in 10% of land allocated to them subject to a cap of 200 acres. Similarly, there is provision for reservation of land for MSMEs in industrial estates, industrial parks/ corridors and land banks. This policy targets growth of MSMEs in the state
- The state has upgraded some of the DICs (for areas having high concentration of industries) into Regional Industries Centers (RIC) headed by an officer of the rank Joint Director with an objective to have better coordination among the stakeholders
- The state plans to create independent authorities (Industrial Development Authorities) for specific investment regions which would act as planning, approving and regulating bodies for the industries in those regions.

Environment Clearances

- Consent to Establish and Consent to Operate takes around 70 days and 88 days respectively with the state featuring in the top 60 and bottom 40 percentile respectively.
- The environmental clearances may be filed online (<http://odocmms.nic.in> <<http://odocmms.nic.in/OCMMS/index.gsp>>). Majority of the respondents expressed satisfaction with their experience of the process for obtaining environmental clearances. However, many respondents were not satisfied with the time taken to obtain Consent to Operate.

Other Business Regulatory Compliances

- With around 15 days being taken to get EM-1 registration, the state features in the bottom 20 percentile of states. It takes an average of 38 days to get an EM-2 registration, with the state featuring in the bottom 20 percentile. However, almost all the respondents were satisfied with their experience of obtaining EM registrations. Recently, the state has operationalized an online system for filing of EM registrations (http://www.msmeodisha.gov.in/Entrepreneurs_Memorandum.htm; operational since April 2013). The industry associations indicated that awareness of this online facility amongst industries was low.
- Government of Odisha has enacted Orissa Industries (Facilitation) Act, 2004 and Orissa Industries (Facilitation) Rules, 2005 which lay down the 3 tier hierarchy for single window clearance based on proposed investment level. While the state has a Single Window Mechanism (SWM) with a common application form, it is primarily a coordinating mechanism with processing of approvals taking place at the respective line departments. Only land approval is secured through Odisha Industrial Infrastructure Development Corporation (IDCO) based on application submitted to the single window clearance body (Industrial Investment Promotion Corporation of Orissa Limited / District Industries Centres), for the other approvals the investor is required to interact with the respective departments. Majority of respondents were not satisfied with the performance of SWM in the state.
- Majority of the respondents were satisfied with their experience of interacting with Industries Department/ DICs.

Strategic Initiatives for consideration of the State

While the state features in the top 33.33 percentile of states in environmental clearances; it features in the middle 33.33 percentile in other business regulatory compliances, finance & tax related compliances, labour law related compliances, land & building related approvals and infrastructure & utility related approvals

Suggestions by Stakeholders

- Many respondents highlighted anomalies in the Odisha VAT Act which restricts the input tax credit and refund thereof to the extent of CST payable under the CST Act in the case of inter-state trade; This results in additional tax burden on the local industries operating within the state. Entrepreneurs suggested that the State VAT act should be suitably amended
- Stakeholder feedback suggested that the state policies on providing incentives / subsidies should be implemented, as per guidelines of Industrial Policy Resolution 2007

- As regards finance & tax related compliances, there is a need to improve the effectiveness of the incentive disbursement process. The Government may consider streamlining the subsidy/ reimbursement claims process by defining a time frame for such payments, and strengthening the monitoring mechanism for ensuring adherence to committed timelines.
- On infrastructure & utility related approvals, there is scope for deployment of IT-enabled (including GIS-enabled applications) processes with strong monitoring mechanisms for both power and water connections, thereby reducing the time for processing new applications and increasing process effectiveness and transparency levels.
- For improving the overall business environment of the state, it can aim to improve its Single Window Mechanism further by:
 - Revising and standardizing the list of required documents which are required for applying through the Single Window (making it comprehensive) and thereby avoiding the possibility of delays on account of demand for further documents from the line departments.
 - Revision of time limits for individual clearances under Single Window Mechanism may be considered with a view to making them reasonable while strengthening the monitoring mechanism for ensuring adherence.
- To strengthen the processing of applications for obtaining power connections and fire license/ NOC, the state may consider developing online systems for receiving applications and tracking
- For increasing the efficiency of land allotment within industrial estates, consider adopting an IT/ GIS enabled land application and land allotment system which enables sharing of information in a transparent manner
- For improving the process of labour law related compliances, standard procedures for inspection required for obtaining licenses under the Factories Act may be developed and transparently shared with both staff as well as applicants to improve process effectiveness. Further, the state may consider implementing an online system for filing and tracking Factories Act related licences.

Punjab

Snapshot – Manufacturing sector

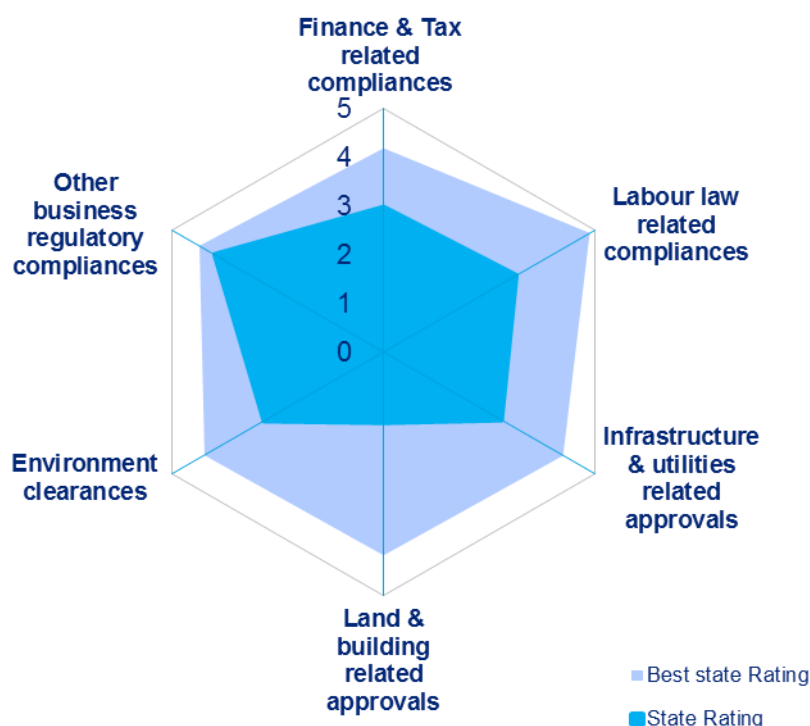
Ranked 10th in the country in terms of share of manufacturing GDP, contributing around 3.8% of India's manufacturing GDP in 2011-12

- Manufacturing sector contributed 20.1 % to Punjab's GSDP in 2011-12, with a CAGR of 6.9% between 2007-08 and 2011-12
- The sector employed around 1.3 million people in 2009-10 representing around 13 % of Punjab's working population
- The top 3 sectors based on contribution to the state's manufacturing GDP are:
 - Textiles & apparels
 - Food & beverages
 - Machinery

Stakeholders Comments on infrastructure

- Punjab is a power surplus state with availability and quality of power supply being satisfactory in most of the industrial areas
- Industrialist suggested need of low cost housing near the industrial areas as most of the workers are migrants

Business Regulatory Environment – Key Findings



Finance & Tax Related Compliances

- Application for State VAT registration can be filed online (<http://www.pextax.com/>); complete process approximately takes 4 days which corresponds to top 20 percentile of states; Majority of the respondents expressed satisfaction with their experience of obtaining VAT registration.
- Option for online payment of VAT is also available. VAT payment takes around 2 days corresponding to top 60 percentile of states. Majority of the respondents expressed satisfaction with their experience of payment of VAT.
- Majority of the entrepreneurs interacted with indicated that getting VAT refund usually takes more than a year; Respondents indicated that procedures undergo frequent changes especially in terms of documentation requirements which results in delays.
- The state has introduced a package of incentives through Industrial Policy 2013. The package provides benefits relating to VAT, CST, stamp duty, electricity duty and property tax.
 - It takes around 6-12 months to avail incentives. Majority of respondents were not satisfied with their experience of availing incentives due to (i) complex documentation requirements and (ii) need for multiple visits to the concerned departments.

Innovative / Good Practices

- Through a State Government notification, Punjab Bureau of Investment promotion was established in December 2013 to provide one stop clearance for new investment proposals. The Bureau has been empowered to provide approvals/ permits till the stage of commencement of operations related to Pollution Control; Excise & Taxation, Labour, Power; Factory & Building clearances, etc. This measure is expected to significantly reduce the time taken for approvals and improve investor experience in the State.
- Directorate of Boilers has mandated a reputed third party service provider as the inspecting authority to expedite the inspection process for awarding/ renewing boiler licenses. The third party service provider works under the supervision of the directorate and adheres to service levels specified by them. Following their appointment, we understand, based on feedback from Industry Associations, the average time for inspection has reduced by about 50%.

Labour law Related Compliances

- Registration/ renewal of licenses under Factories Act requires around 5 days which corresponds to the top 20 percentile of states. Majority of the respondents expressed satisfaction with their experience of obtaining licenses under Factories Act. The process is manual.
- Majority of the respondents expressed satisfaction with the time taken for other labour law related compliances. However, majority are not satisfied with the process for complying with other labour laws mainly on account of standard objective procedures not being followed.

Infrastructure & Utilities Related Approvals

- The state does not have an IT enabled system for submitting application and processing of applications for utilities and obtaining/ renewing fire NOC & License
- The state featured in the top 20 percentile of states with Fire NOC & License taking around 8 days. Majority of respondents expressed satisfaction regarding their experience in availing approval for Fire NOC and license.
- With approval for water connection taking around 4 days, the state featured in the top 20 percentile of states. Majority of respondents expressed satisfaction with their experience of obtaining approvals for water connection.
- The application process for obtaining approval for power connection requires on an average 78 days corresponding to top 60 percentile of states; it is observed that medium & larger enterprises on an average get a power connection in lesser time (65 days) vis-à-vis small and micro enterprises (90 days). However, majority of respondents were not satisfied with their experience in obtaining approval for power connection mainly on account of (i) multiple visits having to be made to the concerned department and (ii) standard objective procedures not being followed.

Land & Building Related Approvals

- Allocation of land in the state managed industrial estates takes about 133 days corresponding to bottom 60 percentile of states, which is higher than the limit of 90 days specified in the allotment guidelines (the 'On-Going Allotment Scheme' notified on 9.4.2008 is available at <http://www.psiac.gov.in/on%20going%20allotment.pdf>); majority of the entrepreneurs were not satisfied with their experience of availing land in industrial estates primarily on account of (i) multiple visits required to concerned department, (ii) complex documentation requirements and (iii) significant time taken
- Land end use conversion takes around 7-8 months corresponding to bottom 20 percentile of states. Majority of respondents were not satisfied with their experience regarding the same on account of (i) multiple visits to

Suggestions by Stakeholders

- Entrepreneurs were of the view that online tracking systems should be set up that enable entrepreneurs to track the status of all their applications.
- Stakeholder feedback suggest that facilities at ESI hospitals need to be improved in the state to facilitate continued workers' participation in the ESI scheme
- Micro & small industrialists sought exemption from peak load provision for units that use up to 500 kW

be made to the concerned department (ii) standard objective procedures not being followed.

- Approval for building plan is manual and approximately takes about 30 days which corresponds to the top 40 percentile of states. Majority of respondents expressed satisfaction with their experience of obtaining building plan approval.

Environment Clearances

- The application process for environment clearances is online (<http://www.ppcb.gov.in/index.php>)
- Consent to Establish takes around 55 days corresponding to the top 40 percentile of states with majority of the respondents indicating that they were not satisfied with their experience in availing the same.
- Consent to Operate takes around 116 days corresponding to the bottom 20 percentile of states with majority of the respondents not satisfied with their experience in availing the Consent to Operate mainly on account of inspections not being based on standard objective procedures.
- It was observed that small & micro enterprises take a longer time in obtaining environmental clearances vis-à-vis medium & large enterprises.

Other Business Regulatory Compliances

- Punjab features in the top 20 percentile for both EM-1 & EM-2 registrations, with around 2 days being taken to get EM-1 registration and an average of 7 days to get an EM-2 registration. Some District Industry Centres provide online registration (such as DIC Ludhiana at <http://dicludhiana.gov.in/secure/IndUser/Default.aspx>). Majority of respondents expressed satisfaction regarding their experience in availing both EM-1 & EM-2 registration.
- While the state already has a Single Window Mechanism (SWM) (backed by the Punjab Industrial Facilitation Act, 2005) with a common application form (backed by the Punjab Industrial Facilitation Rules, 2008), it is primarily a coordinating mechanism with processing of approvals taking place at the respective line departments. The SWM covers key departments/agencies such as Power, Labour and Pollution Control Board. Feedback from industry associations indicate that for small and micro enterprises, it takes about 50 days to get sanctions/approvals/ clearances through the district level Single Window Committee chaired by the Deputy Commissioner. The state has also set up "Udyog Sahayak" for assisting medium & large industries in obtaining clearances/ approvals from respective departments/ agencies.
- Respondents were not satisfied with the experience of interacting with the Industries Department/ DICs primarily on account of (i) significant time taken to respond to queries and (ii) multiple visits required for obtaining approvals/ registrations/ licenses.

Strategic Initiatives for consideration of the State

The state features in the top 33.33 percentile of states in labour law related compliances and other business regulatory compliances. The state features in the middle 33.33 percentile for finance & tax related compliances, infrastructure & utilities related approvals and environment clearances. However, the state features in the bottom 33.33 percentile for land & building related approvals.

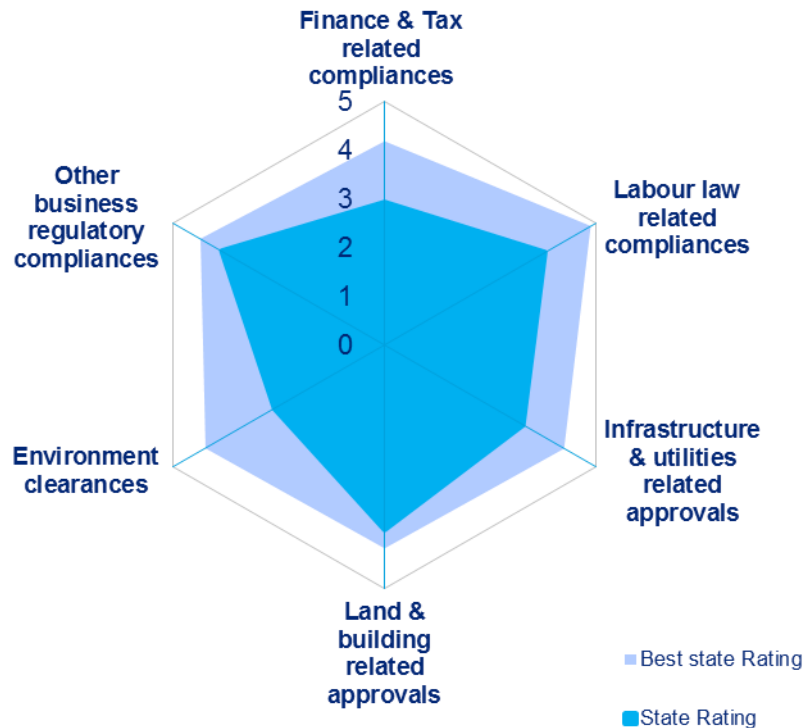
- For increasing the efficiency of land allotment within industrial estates, consider adopting an IT/ GIS enabled land application and land allotment system which enables sharing of information in a transparent manner
- For ensuring disbursal of subsidies under state schemes takes place within a specified time limit, the respective departments may consider implementing a monitoring system to track the application processing.
- The state may consider developing online systems for receiving applications and tracking processing of applications for obtaining water, power connections and fire license/ NOC
- Environmental clearance is an area which needs to be improved significantly. Standard document checklists for submission as well as standard procedures for inspection may be transparently shared with both staff as well as applicants to improve process effectiveness and cut down processing time.

Rajasthan

Snapshot – Manufacturing Sector

- Ranked 9th in the country in terms of share of manufacturing GDP, contributing around 4 % of India's manufacturing GDP in 2011-12
- Manufacturing sector contributed 14.4 % to Rajasthan's GSDP in 2011-12, with a CAGR of 9.9% between 2007-08 and 2011-12
- The sector employed around 1.6 million people in 2009-10 representing around 5.9 % of Rajasthan's working population
- The top 3 sectors based on contribution to the state's manufacturing GDP are:
 - Textiles & apparels ,
 - Iron & steel, and
 - Non-metallic minerals

Business Regulatory Environment – Key Findings



Finance & Taxes related Compliances

- Application for VAT registration can be filed online (<http://rajtax.gov.in/vatweb/>) with the complete process taking around 18 days corresponding to top 60 percentile of states. However, feedback from respondents indicated that the relatively long time taken for registration was due to manual verifications of documents at the department.
- Filing of returns and making payments can also be done online (<http://rajtax.gov.in/vatweb/>). The process takes an average of 7 days corresponding to bottom 20 percentile of states. Feedback from respondents indicated that the printout of the receipt along with necessary documents had to be submitted at the Commercial Taxes Department to complete the payment process. However, majority of the respondents expressed satisfaction with their experience of VAT registration and payment.
- Major incentives/ subsidies provided by the state government (according to Industrial Policy 2010) to MSMEs include exemption of entry tax on inputs, exemption of 75% from electricity duty to the units located in rural areas, 50% capital subsidy for establishment of effluent treatment plant/ facility.
 - It takes around 6-12 months to avail incentives. Many respondents were not satisfied with time for availing subsidies/ incentives from the government. Respondents, particularly among the micro &

Stakeholders Comments on infrastructure

- Availability of water for industries which are not situated in industrial estates is a constraint
- Availability and quality of power is satisfactory
- Respondents acknowledged that the road network in the state is good

Innovative/ Good Practices

- Rajasthan PCB has introduced a 'Tatkal System' to issue environmental consents to the industries. Provisional consent is granted expediently for a higher fee. The inspection takes place later. If any incorrect information is found during the subsequent inspection process, the consent is withdrawn.
- For investments in Green Category below Rs 5 crore, the application acknowledgement letter is considered be equivalent to an environmental consent.
- According to the Industrial Policy 2010, in case a particular end use is earmarked for a land in the town/ city master plan, land end use conversion related approvals for that particular land to the specified end use in the master plan is not required.

small industries were not satisfied primarily on account of (i) undue time taken and (ii) complex documentation requirements to avail the incentives.

Labour Law Related Compliances

- Obtaining/ renewing of licenses under the Factories Act takes an average of 52 days corresponding to bottom 40 percentile of the states. Majority of respondents expressed satisfaction with their experience of obtaining/ renewing licenses under Factories Act. The applications for the licenses can be filed online (<http://bipraj.raj.nic.in/>).
- Majority of the respondents were not satisfied with their experience of other labour law related compliances on account of (i) undue time taken (ii) multiplicity of inspections and (iii) complex documentation requirements.

Infrastructure & Utilities Related Approvals

- Power connection takes an average of 82 days corresponding to top 60 percentile of the states. The applications for power connection can be filed online. Majority of respondents expressed satisfaction with their experience of obtaining power connection related approvals.
- Obtaining water connection related approvals in state managed industrial estates, through Rajasthan State Industrial Development and Investment Corporation (RIICO) takes around 20 days corresponding to the top 40 percentile of the states. The water connection related approval process is manual. Majority of respondents expressed satisfaction with their experience of obtaining water connection related approvals.
- It takes approximately 37 days to obtain a Fire NOC corresponding to bottom 40 percentile of the states. The registration/ renewal process is manual. Majority of the respondents expressed satisfaction with their experience of obtaining/renewing Fire NOC and Licenses.

Land & Building Related Approvals

- It takes approximately 142 days to avail land in industrial estates managed by RIICO corresponding to bottom 40 percentile of states. Majority of the respondents were not satisfied with the time taken for allotting land in industrial estates due to requirement of multiple visits to the concerned department. The land allocation system in industrial estate has been made online. Majority of the respondents have expressed satisfaction with their experience of the process for availing land in industrial estates.
- The average time taken for change of land end use is around 195 days corresponding to bottom 40 percentile of states. Majority of the respondents were not satisfied with the time taken for changing land end use. However, the respondents expressed satisfaction with the process for land end use conversion.
- Approval for building plan takes around 43 days corresponding to the top 60 percentile of states. Industries can file for building plan approvals through an online system. Majority of the respondents were satisfied with their experience of obtaining building plan related approvals.

Suggestions by Stakeholders

- All applications should be made online. A hotline number can be established to help entrepreneurs with all approvals and compliances.
- Empanelled third party experts may be considered for conducting inspections of boilers and electrical installations on behalf of the concerned department
- A third party panel of experts can be empanelled by the Pollution Board to help the small and micro entrepreneurs in getting environmental clearances. If any deficiencies are found, the entrepreneurs can be referred to these experts, who can help them in identifying corrective measures

Environment Clearances

- Both Consent to Establish and Consent to Operate take around 74 days corresponding to top 60 percentile of states.
- The environmental clearance filing system is manual. Majority of the respondents expressed satisfaction with their experience of obtaining environmental clearances.

Other Business Regulatory Compliances

- Rajasthan features in the top 40 percentile for both EM-1 & EM-2 registration, with around 2 days being taken to get EM-1 registration and an average of 8 days to get an EM-2 registration. The application for EMs can be made online (<http://bipraj.raj.nic.in>). Majority of the respondents were satisfied with their experience on EM-1 & EM-2 registration.
- Rajasthan has a Single Window Mechanism (SWM) backed by the Rajasthan Enterprises Single Window Enabling and Clearance Act, 2011, with the Bureau of Investment Promotion (BIP) as its nodal agency. It is mandatory for all investments above Rs. 1 crore to apply through the single window. The SWM is backed by a monitoring mechanism and status of clearances can be tracked online on BIP's website: (<http://bipraj.raj.nic.in>)
- Feedback from industry associations and individual respondents indicates that the SWM do not have a Common Application Form (CAF). As a result, the entrepreneurs have to separately fill the requisite forms of each department/ agency. Based on discussions with industry associations and industries, it is understood that multiple visits are required to be made to the respective departments.
- Majority of the respondents were satisfied with their experience of interactions with the Department of Industries including the DICs

Strategic Initiatives for Consideration of the State

While the state features in the top 33.33 percentile of states in labour law related compliances, infrastructure & utilities related approvals, land & building related approvals and other business regulatory compliances; it features in the middle 33.33 percentile in finance & tax related compliances and environmental clearances.

- As regards finance & tax related compliances, there is a need to improve the effectiveness of the incentive disbursement process. The Government may consider streamlining the subsidy/ reimbursement claims process by defining a time frame for such payments, and strengthening the monitoring mechanism for ensuring adherence to committed timelines.

- Environmental clearance is the other area which needs to be improved significantly. The Government could consider adopting an IT-enabled system for both the Consent to Establish and Consent to Operate approvals, with a facility for internal monitoring of timelines and milestones by senior officials and tracking of applications by the applicants. Standard document checklists for submission as well as standard procedures for inspection may be transparently shared with both staff as well as applicants to improve process effectiveness and cut down processing time.

While Rajasthan already features in the top 33.33 percentile for other Business Regulatory Compliances, it can aim to improve its Single Window Mechanism further by:

- Revising and standardizing the list of required documents which are required for applying through the Single Window (making it comprehensive) and thereby avoiding the possibility of delays on account of demand for further documents from the line departments.
- Revision of time limits for individual clearances under Single Window Mechanism may be considered with a view to making them reasonable while strengthening the monitoring mechanism for ensuring adherence.
- Developing a Common Application Form as part of SWM

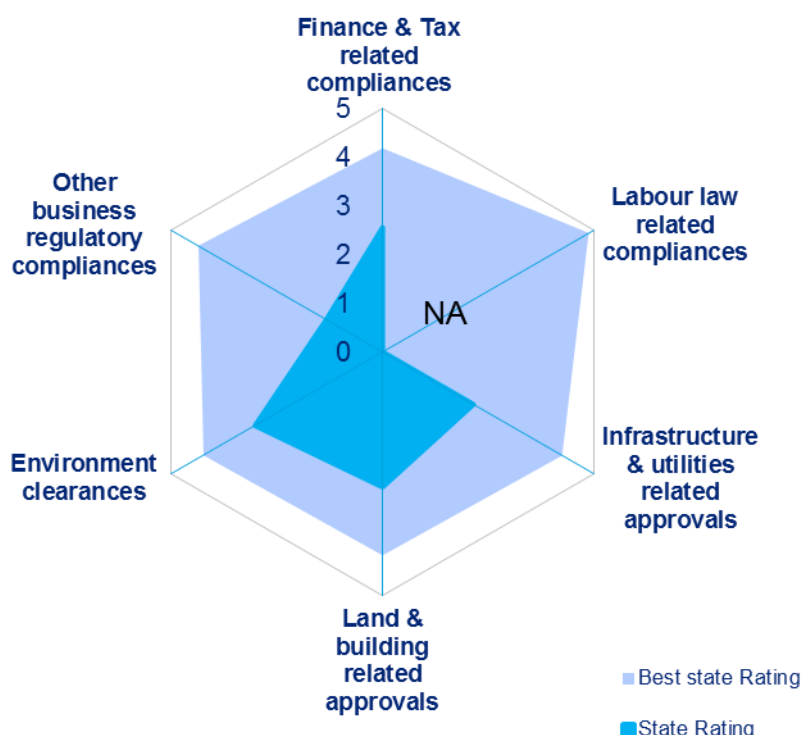
Sikkim

Snapshot – Manufacturing Sector

Ranked 22nd in the country in terms of share of manufacturing GDP, contributing around 0.2% of manufacturing GDP in 2011-12

- Manufacturing sector contributed 35.6% to Sikkim's GSDP in 2011-12, with a CAGR of 115.3% between 2007-08 and 2011-12
- The top 3 sectors based on contribution to the state's manufacturing GDP are:
 - Pharmaceuticals
 - Chemicals
 - Beverages

Business Regulatory Environment – Key Findings



Finance & Tax Related Compliances

- Application for registration for State VAT can be done online (www.sikkimtax.gov.in); complete process approximately takes around 6-7 days which corresponds to top 20 percentile of states. Majority of respondents expressed satisfaction regarding their experience in obtaining a VAT registration.
- State VAT payment can be made online. It takes around 2 days for the same, corresponding to the top 40 percentile of states. Majority of respondents expressed satisfaction regarding their experience of VAT payment process.
- Feedback from respondents indicated that the process for obtaining statutory forms from Commercial Taxes Department is manual and complex & usually takes more than 2-3 weeks.
- As part of the North East Industrial and Investment Promotion Policy, the state provides excise duty exemptions, income tax exemptions, capital investment subsidies, interest subsidies, transport subsidies, incentives for bio-technology industries & power generating industries etc. to the eligible units.
 - Majority of the respondents were not satisfied with the experience of availing subsidies/incentives from the government primarily on account of substantial time taken (around 2-3 years) for subsidy

Stakeholders Comments on infrastructure

- Availability of land for setting up manufacturing units is limited; state has no identified land bank
- Quality of power is good; however last mile connectivity in terms of reaching transmission & distribution network to the manufacturing units needs to be improved.
- There is currently only one National Highway linking Sikkim with the rest of the country. Due to heavy rainfall for the several months of the year and frequent landslides, state's road link is often disrupted.
- There is absence of a rail network and airport in the State

reimbursements. Feedback from industry associations and industries indicated the key reasons for the delays as (i) Standard objective procedures are not followed; (ii) Checklists detailing the supporting documents to be appended with applications are not clearly laid down; and (iii) Frequent changes in the guidelines.

- All the respondents indicated that documentation requirements as per guidelines framed by GoI for availing Transport Subsidy are complex and hence difficult to comply with. Further, we understand through interactions with state government official that only recently some training has been provided to the officers of the C&I department by Department of Industrial Policy & Promotion (DIPP) for effective implementation & monitoring of the scheme.

Labour Law Related Compliance

- Based on discussions with industry associations and state government officials, we were given to understand that industries in Sikkim do not need to comply with Factories Act and other labour laws.

Infrastructure & Utilities Related Approvals

- The State featured in the bottom 60 percentile of states for Fire NOC & License, taking around 20 days. However, majority of respondents expressed satisfaction regarding their experience in obtaining the same. The process for filing application for Fire NOC is manual.
- Obtaining approval for water connection takes around 60 days corresponding to bottom 40 percentile of states. However, majority of respondents expressed satisfaction regarding their experience in obtaining the approval. The process for filing applications for water connection approval is manual.
- Approval for power connection takes about 80 days corresponding to the bottom 60 percentile of states. The application process is manual. Majority of respondents were not satisfied with their experience in obtaining the same primarily on account of (i) multiple visits to concerned departments and (ii) standard objective procedures not being followed.

Land & Building Related Approvals

- Allocation of land in the state managed industrial estates takes around 100 days corresponding to bottom 60 percentile of states; majority of the entrepreneurs were not satisfied with the time taken for obtaining the same. However, with limited land availability in the State, relatively higher time & cost incurred in (i) acquiring private land near developed industrial centres and (ii) related procedures of change of land use, registration & mutation, investors still preferred land in industrial estates.
- It takes less than a month to obtain building plan approvals which correspond to the top 20 percentile of states. Majority of respondents expressed satisfaction with their experience of obtaining building plan approvals.

Suggestions by Stakeholders

- Online tracking systems should be implemented to enable entrepreneurs to track the status of applications under various business regulations submitted by them.
- Entrepreneurs expressed the need for Single Window Clearance System.

- Feedback from respondents indicated that most of them had availed land in industrial estates hence they were not required to apply for conversion of end use of land. Consequently, they had no experience with the process of conversion of end use of land in the State.

Environment Clearances

- The time taken for obtaining Consent to Establish and Consent to Operate was 30 days respectively, corresponding to top 20 percentile of states for both the clearances. The processes of filing for obtaining environmental clearances are manual.
- Majority of respondents were not satisfied with the process in place for obtaining Consent to Establish. Feedback from Industry Associations and industries indicated that the inspection process for issuing the same involved multiple visits by inspectors and was not based on standard objective procedures. However, their experience with regards to time was satisfactory.
- Majority of respondents expressed satisfaction with their experience in obtaining Consent to Operate.

Other Business Regulatory Compliances

- With around 30 days being taken to get EM-1 registration, the state features in the bottom 20 percentile of states. It takes on an average of 13 days to get an EM-2 registration, with the state featuring in the bottom 60 percentile. The process of filing for EM registration is manual. However, majority of respondents were satisfied with their experience of registering for EM-1 and EM-2.
- There is currently no Single Window Clearance mechanism in the state for facilitating entrepreneurs in complying with the requirements for setting up industries. Feedback from respondents indicated that 7-8 departments need to be visited for obtaining all approvals/clearances in the absence of single window clearance mechanism in the state with the process taking around 3 months.

Strategic Initiatives for consideration of the State

The state features in the middle 33.33 percentile of states in finance & tax related compliances, land & building related approvals and environment clearances and in the bottom 33.33 percentile in infrastructure & utilities related approvals and other business regulatory compliances.

- The state may consider developing online systems for receiving applications and tracking processing of applications for obtaining water, power connections and fire license/ NOC
- To improve the overall business regulatory compliance environment in the state, consider setting up a single window mechanism for receiving required applications for clearances/ approvals/ licenses for setting up an industry at a single point through a common application form, along with a mechanism for monitoring the status of clearance at the respective departments

- To improve the process of availing subsidies, the documentation requirements may be simplified by issuing a checklist of standard documents required to be appended with the application and sharing the same with the industries through industry associations/ department website. The state may also consider implementing an IT based monitoring system to track status of processing of applications at the concerned departments for ensuring that disbursements/ refunds are made within a specified time limit
- For increasing the efficiency of land allotment within industrial estates, the state may consider adopting an IT/ GIS enabled land application and land allotment system which enables sharing of information in a transparent manner
- Environmental clearance is an area which needs to be improved significantly. The Government could consider adopting an IT-enabled system for both the Consent to Establish and Consent to Operate approvals, with a facility for internal monitoring of timelines and milestones by senior officials and tracking of applications by the applicants. Standard document checklists for submission as well as standard procedures for inspection may be transparently shared with both staff as well as applicants to improve process effectiveness and cut down processing time.

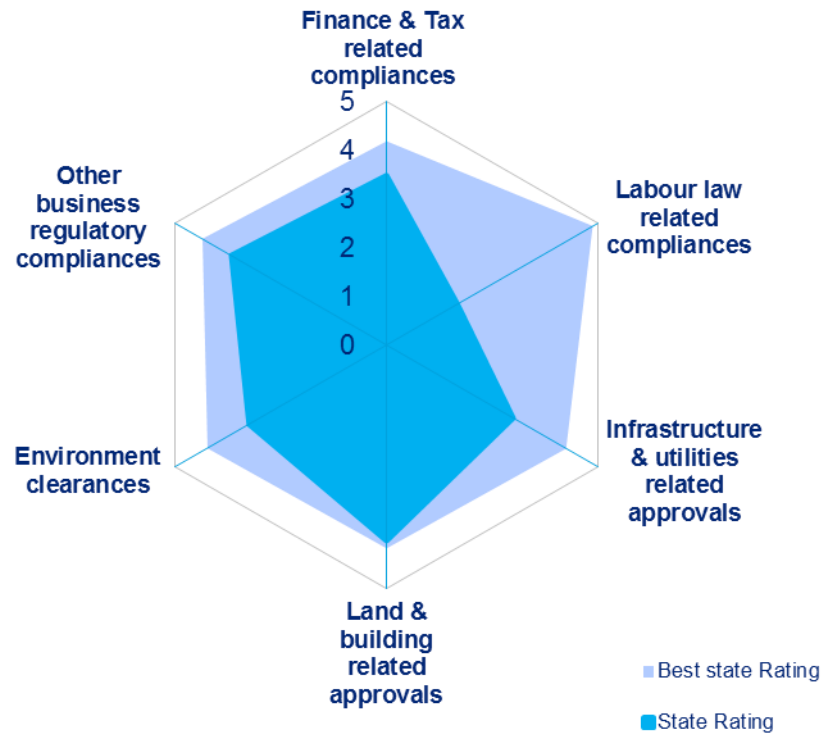
Tamil Nadu

Snapshot – Manufacturing Sector

Ranked 3rd in the country in terms of share of manufacturing GDP, contributing around 11% of manufacturing GDP in 2011-12

- Manufacturing sector contributed 20.4 % to Tamil Nadu's GSDP in 2011-12, with a CAGR of 10.3% between 2007-08 and 2011-12
- The sector employed around 5.2 million people in 2009-10 representing around 17.2 % of Tamil Nadu's working population
- The top 3 sectors based on contribution to the state's manufacturing GDP are:
 - Textiles;
 - Motor vehicles, trailers and semi-trailers; and
 - Fabricated metal products

Business Regulatory Environment – Key Findings



Finance & Tax Related Compliances

- Application for State VAT registration is online (<http://www.tnvat.gov.in/>); the complete process takes on an average 11 days corresponding to top 40 percentile of states.
- VAT payment process is also online. It takes around 5 days corresponding to bottom 40 percentile of states to receive the payment confirmation through emails.
- Majority of the respondents expressed satisfaction with their experience of state VAT registration and payment.
- As per its Industrial Policy, the state offers various subsidies to entrepreneurs such as Capital subsidy, VAT subsidy, Generator subsidy, Low Tension Power Tariff (LTPT) subsidy and back ended interest subsidy etc.
 - It takes around 3-6 months to avail incentives. The process of applying for incentives is online (http://www.msmeonline.tn.gov.in/subsidy/capital_subsidyfiling.php). Majority of the respondents were not satisfied with their experience of the time taken to avail incentives primarily on account of multiple visit requirement to concerned department post submission of online application.

Stakeholder's comments on infrastructure

- Some of the industries expressed their concern on power availability. Many of them expressed low level of satisfaction with regards to power quality
- Some industries expressed low level of satisfaction with respect to piped water availability. They mentioned that they are dependent on bore wells for ensuring adequate supply of water.

Suggestions by Stakeholders

- Many respondents commented that a ready reckoner providing information on the clearance processes/ requirements along with the documents to be submitted will be very useful to industries, especially for micro and small units. Such document may be uploaded in the respective departmental websites

Labour Law Related Compliances

- Registration / renewal of licenses under Factories Act require around 45 days with the state featuring in the bottom 60 percentile of states. The filing of application for obtaining/ renewing licenses under Factories Act is not online. Majority of the respondents were not satisfied with their experience of obtaining/ renewing these licenses. Based on discussions with industry associations and industries, it was understood that the inspection process is not based on standard objective procedures and excessive documentation is required to obtain/ renew the licenses.
- Respondents were not satisfied with their experience of complying with other labour laws. Feedback from industry associations indicated that significant time and effort is involved in complying with requirements of the annual filings required under various labour laws on account of excessive documentation requirements and inspection process not being based on standard objective procedures.

Infrastructure & Utilities Related Approvals

- The State featured in the top 40 percentile of states for Fire NOC & License with the process taking around 16 days. While the application form is available online for download, it has to be manually submitted. Majority of the respondents expressed satisfaction with their experience of obtaining Fire NOC.
- Power connection related approvals takes around 60 days corresponding to top 20 percentile of states. Majority of the respondents expressed satisfaction with their experience of obtaining power connection related approvals. The application process is manual.
- Respondents indicated that in absence of water distribution facilities at the location of their manufacturing units, most units had to rely on making their own arrangements for boring/ laying pipelines for drawing water.

Land & Building Related Approvals

- Land allotment in state managed industrial estates takes around 3 months. The industry associations expressed satisfaction with their experience of availing land in industrial estates.
- Based on discussions with industry association, it was understood that land end use conversion takes around 4-6 months.
- Approval for building plan takes approximately 40 days which corresponds to the top 60 percentile of states. The building plan approvals can be filed online (<http://203.101.40.168/newmducorp/building/page2.aspx>; www.chennaicorporation.gov.in). Majority of the respondents expressed satisfaction with their experience of obtaining building plan approvals.

Innovative/ Good Practices

- State Industries Promotion Corporation of Tamil Nadu (SIPCOT), through its website or brochures, proactively offer information in terms of i) price of the developed plot/ land in the respective parks/ complex and ii) available plots of land and the type of industry that can come up in respective industrial area/ complex/ parks/ growth centers.
- In the industrial estates developed by SIPCOT, 20% of the total land is earmarked for small industries.
- Tamil Nadu has operationalized an online platforms where industries can apply for sanction of specific incentives/ subsidies. The portal also provides facility for tracking of status of incentive related applications; which reduces the number of visits required to be made to the concerned Government departments.

Environment Clearances

- Consent to Establish and Consent to Operate takes about 90 and 82 days respectively with the state featuring in the bottom 40 percentile of states. The environmental clearances can be filed online. Majority of the respondents expressed satisfaction with the process in place for obtaining environmental clearances however they were not satisfied with the time taken to obtain the same.

Other Business Regulatory Compliances

- Tamil Nadu features in the top 20 percentile, with around 1 day being taken to get EM-1 registration. It takes an average of 15 days to get an EM-2 registration, with the state featuring in the top 60 percentile of states. EM can be filed online (http://www.msmeonline.tn.gov.in/msme_partl/msmefiling.php). Majority of the respondents expressed satisfaction with their experience on EM registrations.
- The state has a Single Window Mechanism (SWM) with a common application form. It is primarily a coordinating mechanism, with processing of approvals taking place at the respective line departments. The SWM covers most of the major departments including power and environment.

Strategic Initiatives for consideration of the State:

While the state features in the top 33.33 percentile of states in finance & tax related compliances, infrastructure & utilities related approvals, land & building related approvals, environmental clearances and other business regulatory compliances; it features in bottom 33.33 percentile of states in labour law related compliances.

- As regards to labour law related compliances, the state may consider developing an online system for obtaining/ renewing licences under Factories Act including a mechanism for tracking status of applications under process. Additionally, documenting standard operating procedures (SOPs) for inspection processes under factories act may be considered to increase transparency and efficiency of the process

While the state already features in the top 33.33 percentile for other Business Regulatory Compliances, it can aim to improve its Single Window Mechanism further by:

- Revising and standardizing the list of required documents which are required for applying through the Single Window (making it comprehensive) and thereby avoiding the possibility of delays on account of demand for further documents from the line departments.
- Revision of time limits for individual clearances under Single Window Mechanism may be considered with a view to making them reasonable while strengthening the monitoring mechanism for ensuring adherence.

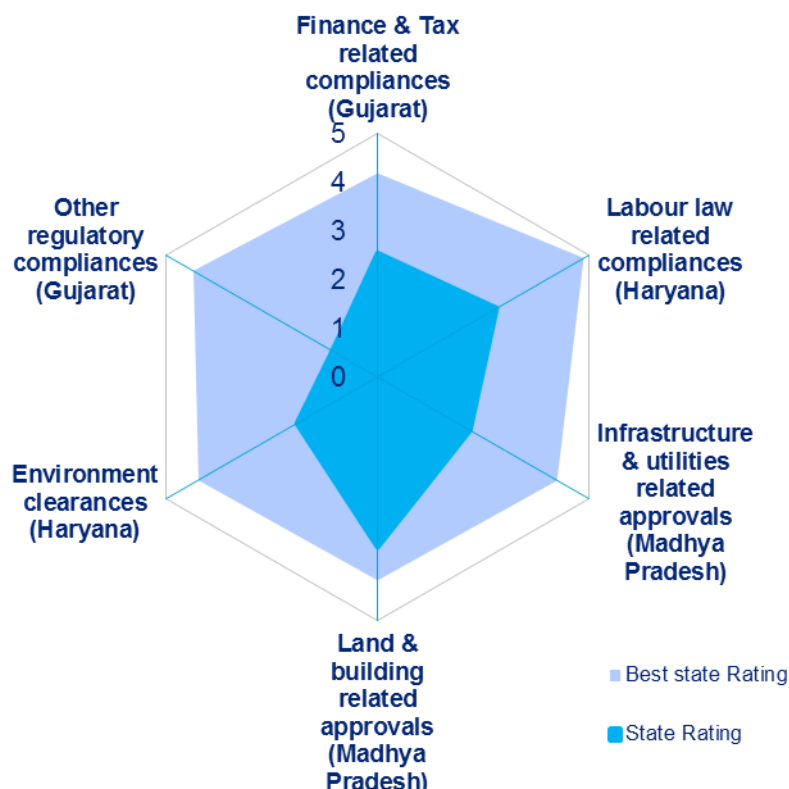
Tripura

Snapshot – Manufacturing Sector

Ranked 24th in the country in terms of share of manufacturing GDP, contributing around 0.1% of manufacturing GDP in 2011-12

- Manufacturing sector contributed 3.1% to Tripura's GSDP in 2011-12, with a CAGR of 10.5% between 2007-08 and 2011-12
- The top 3 sectors based on contribution to the state's manufacturing GDP are:
 - Manufacture of other non-metallic mineral products
 - Tobacco products
 - Chemicals and chemical products

Business Regulatory Environment – Key Findings



Finance & Tax Related Compliances

- Though VAT registration can be filed online (<http://web4.kar.nic.in/tripuraereg/RegistrationOptions.aspx>) it takes approximately 36 days to obtain the same, corresponding to bottom 20 percentile of states. Many respondents were not satisfied with their experience of VAT registration on account of having to visit the concerned department with hard copies of required documents after online submission to complete the registration process.
- Despite having an online mechanism for payment, it takes around 8 days to make VAT payments corresponding to bottom 20 percentile of states. Many respondents indicated that such delay was due to existing manual interventions in the payment process.
- The industries of Tripura can avail various concessions and subsidies as provided under the North East Investment Promotion Policy (NEIPP), 2007.
 - It takes more than a year to avail incentives. Majority of the respondents were not satisfied with their experience on availing incentives. Micro and small industries find the compliance requirement and documentation to be very complex.

Stakeholders Comments on Infrastructure

- Road and rail connectivity in the state needs to be improved.
- Though Tripura is a power surplus state the quality of power being provided is very poor and there are frequent power cuts.
- The basic infrastructure in the industrial estates like power and road network need to be improved

Labour law Related Compliances

- Registration for licenses under Factories Act is filed manually and requires approximately 51 days with the state featuring in the bottom 60 percentile of states. Majority of the respondents expressed satisfaction with the experience on obtaining registration for licenses under Factories Act.
- Majority of the respondents expressed satisfaction with their experience on other labour law compliances.

Infrastructure & Utilities Related Approvals

- The process of obtaining Fire NOC and approval for water & power connections are manual.
- The State featured in the bottom 40 percentile of states for Fire NOC & License which takes approximately 37 days. Majority of respondents were not satisfied with the time required to obtain the same mainly on account multiple visits required to be made to the concerned department.
- It takes around 23 days to obtain approval for water connection corresponding to the top 40 percentile of states. Majority of the respondents were satisfied with the experience of availing the same.
- Approval for power connection requires an average of 123 days, corresponding to the bottom 40 percentile of states. Majority of respondents were not satisfied with their experience of availing the same on account of (i) need for multiple visits to the concerned department, (ii) complex documentation requirements and (iii) standard objective procedures not being followed.

Land & Building Related Approvals

- It takes approximately 34 days to allot land in industrial estates with Tripura featuring in top 20 percentile of states. The application process is manual. Majority of respondents expressed satisfaction with their experience in obtaining land in industrial estates.
- Most respondents had obtained land in industrial estates hence they have not experienced the approval process for conversion of end use of land. However, based on discussions with industry associations we were given to understand that conversion of end use of land takes around 50 days.
- Approval for building plans takes approximately 48 days with the state featuring in the top 60 percentile of states. The building plan approvals can be filed online. Majority of respondents expressed satisfaction with their experience on obtaining building clearances.

Environment Clearances

- Environment Compliance requires substantial time in the state, with Consent to Establish and Consent to Operate taking around 88 days and 102 days respectively; both corresponding to the bottom 40 percentile of states. The environmental clearance process is manual.
- Majority of respondents were not satisfied with the time taken to obtain Consent to Establish. However, majority expressed satisfaction with the process in place for obtaining the same.

Suggestions by Stakeholders

- The NEIIPP treats all states of the NE equally. However, presently most of the subsidies are largely enjoyed by select NE states. The policy should be revised such that the benefits of the policy is proportionate to the distance of the state from the Indian Mainland
- Since Tripura has mostly micro & small units, it was suggested that filing of tax returns be made yearly for micro and small units.
- Entrepreneurs suggested that the interest subsidy and power subsidy should be provided monthly and not annually.

- Majority of respondents were not satisfied with their experience in obtaining Consent to Operate. Most entrepreneurs stated that the delays were due to (i) lack of manpower in the department, (ii) delay in conducting inspections and (iii) standard objective procedures not being followed.

Other Business Regulatory Compliances

- EM-1 registration in Tripura takes 25 days. As a result, the state features in the bottom 20 percentile of states with the majority of respondents not being satisfied on account of the time taken for obtaining EM-1 registration. EM-2 registration also takes an average of 22 days with the state featuring in the bottom 40 percentile of states. However, majority of respondents have expressed satisfaction with their experience of filing EM-2. The EM filing process is manual. Feedback from respondents indicates that as most of the industries in the state are micro and small, they find the process for registration complex and it requires multiple visits to the concerned department
- The state does not have a Single Window Clearance Mechanism for investment clearance and processing, and entrepreneurs have to visit concerned departments to get clearances and incentives.
- Majority of the respondents expressed satisfaction with the experience of interacting with the Industries Department/ DICs. Some of the respondents were not satisfied primarily on account of the time taken to respond to queries and deficiencies with the processes in place.

Strategic Initiatives for consideration of the State

The state features in the top 33.33 percentile of states in land & building related approvals and in the middle 33.33 percentile in labour law related compliances. The state features in the bottom 33.33 percentile in finance & tax related compliances, infrastructure & utilities related approvals, environment clearances and other business regulatory compliances.

- State may consider developing standard procedures for inspection required for obtaining licenses under the Factories Act which may be transparently shared with both staff as well as applicants to improve process effectiveness.
- To improve the process of availing subsidies, the state may consider simplifying the documentation requirements by issuing a checklist of standard documents required to be appended with the application and sharing the same with the industries through industry associations/ department website
The state may also consider implementing an IT based monitoring system to track the status of processing of applications at the concerned departments for ensuring that disbursements/ refunds are made within a specified time limit
- The state may consider developing online systems for receiving applications and tracking processing of applications for obtaining water, power connections and fire license/ NOC

- Environmental clearance is an area which needs to be improved significantly. The Government could consider adopting an IT-enabled system for both the Consent to Establish and Consent to Operate approvals, with a facility for internal monitoring of timelines and milestones by senior officials and tracking of applications by the applicants. Standard document checklists for submission as well as standard procedures for inspection may be transparently shared with both staff as well as applicants to improve process effectiveness and cut down processing time.
- To improve the overall business regulatory compliance environment, the state may consider setting up a single window mechanism for receiving required applications for clearances/ approvals/ licenses for setting up an industry at a single point through a common application form, along with a mechanism for monitoring the status of clearance at the respective departments

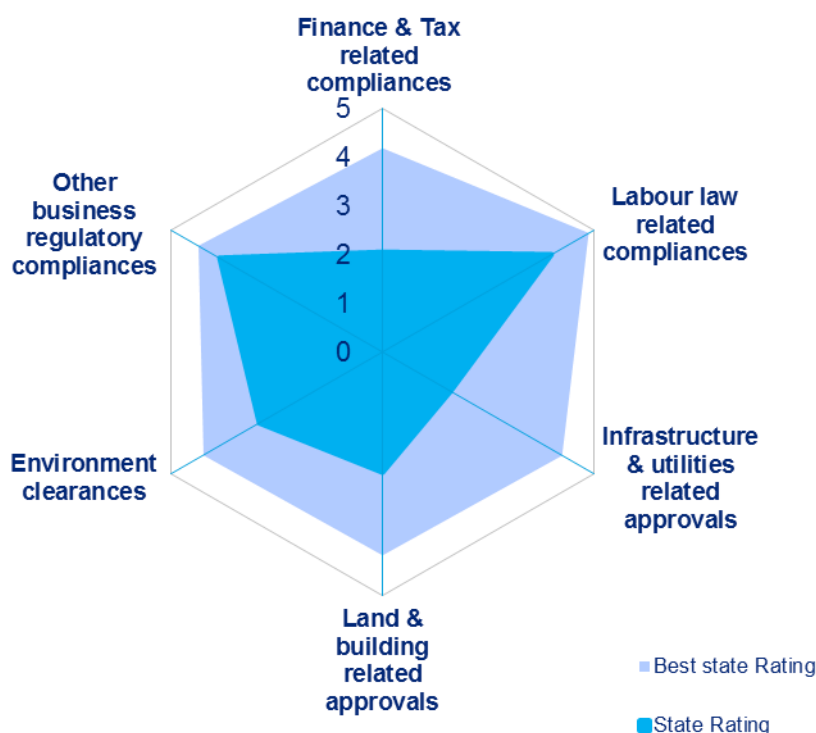
Uttar Pradesh

Snapshot – Manufacturing Sector

Ranked 4th in the country in terms of share of manufacturing GDP, contributing around 7.0% of manufacturing GDP in 2011-12.

- Manufacturing sector contributed 13.7 % to Uttar Pradesh GSDP in 2011-12, with manufacturing GDP increasing at a CAGR of 4.5% between 2007-08 and 2011-12
- The sector employed around 6.4 million people in 2009-10 representing around 9.6 % of Uttar Pradesh's working population
- The top 3 sectors based on contribution to the state's manufacturing GDP are:
 - Food processing,
 - Consumer Electronics and
 - Basic iron & steel industry

Business Regulatory Environment – Key Findings



Finance & Tax Related Compliances

- State VAT registration forms can be filled online (<http://comtax.up.nic.in/Default.htm>). The complete process takes approximately 27 days corresponding to bottom 20 percentile of states. Respondents indicated that despite having an online registration facility, there was a requirement to submit hard copies of documents to the concerned department to complete the registration process.
- VAT payment takes around 9 days corresponding to bottom 20 percentile of states. Payment can be made online. Majority of the respondents were satisfied with the experience of VAT registration and payment.
- As per the New Infrastructure and Industrial Investment Policy, 2012 (Uttar Pradesh) the state provides Stamp Duty exemption, Entry Tax exemption, interest free loan equivalent to VAT and CST paid by unit owners, capital interest subsidy, industrial quality development subsidy and EPF reimbursement (applicable to new unit owners).
 - It takes more than a year to avail incentives. Majority of the respondents were not satisfied with the experience of availing incentive due to (i) complex documentation requirements and (ii) need for multiple visits to the concerned departments.

Stakeholders Comments on Infrastructure

- Majority of respondents commented that road connectivity and quality of roads to most industrial areas (except NOIDA) needs to be improved
- Power availability needs to be improved in many industrial areas of the state. Also, many respondents commented that the power quality is a key issue.

Innovative/ Good Practices

- Meetings are held once a month at District level and twice a month at Divisional level between Secretaries of different departments, Executive Director of Udyog Bandhu and investors to resolve issues related to clearances.
- In Uttar Pradesh, the Pollution Control Board holds special camps to educate the entrepreneurs in particular areas where large number of cases are pending for clearances
- Industrial Services Guarantee Act is under consideration, which will detail out the stipulated timeline for getting clearances from every department. It will also highlight the degree of penalty that will be imposed on the responsible official if the service is not provided in the stipulated time without valid documented reasons.

Labour Law Related Compliances

- Registration/ renewal of licenses under Factories Act requires around 19 days which corresponds to top 20 percentile of states. The process of obtaining/ renewing licenses under Factories Act is online. Majority of the respondents expressed satisfaction with their experience of obtaining approval/ renewal of the licenses.
- Majority of the respondents were not satisfied with their experience of complying with other labour laws on account of (i) excessive documentation requirements, (ii) multiplicity of inspections and (iii) inspections not being based on standard objective procedures.

Infrastructure & Utilities Related Approvals

- It takes around 130 days to obtain new power connection related approvals corresponding to the bottom 20 percentile of states. The power connection application can be filed online. Majority of respondents were not satisfied with the experience of obtaining power connection related approvals mainly on account of multiple visits required to be made to the department.
- It takes around 42 days to obtain/renew fire NOC and license with the state featuring in the bottom 40 percentile of states. The process for obtaining Fire NOC is manual. Majority of respondents were not satisfied with the experience of obtaining/renewing fire NOC mainly on account of excessive time taken and need for multiple visits to the department.
- It takes around 40 days to obtain water connection related approvals corresponding to bottom 40 percentile states. The process for obtaining the approval is manual. Majority of respondents were not satisfied with the experience of obtaining water connection related approvals mainly on account of excessive time taken and need for multiple visits to the department.

Land & Building Related Approvals

- Clearances and approvals related to land are given by UPSIDC. It takes around 180 days to allot land in the industrial estates corresponding to bottom 40 percentile states. Based on discussions with industry associations, it was understood that the industrialists are required to visit UPSIDC head office in Kanpur for most of the approvals such as allotment, transfer, sub-letting, product change, etc. Majority of the respondents were not satisfied with their experience of obtaining land allotment in industrial parks primarily on account of (i) multiple visits required to Kanpur, (ii) complex documentation requirements and (iii) significant time taken.
- Land end use conversion takes around 180 days corresponding to bottom 40 percentile states. Majority of the respondents expressed satisfaction with the experience of land end use conversation.
- The state features in the bottom 60 percentile of states for building plan approvals with approximate time required for the same being 40 days. The building plan approval system is manual. Majority of the respondents expressed satisfaction with the experience of building plan related approvals

Suggestions by Stakeholders

- It was suggested to organize training/information dissemination programs for making the MSME sector aware about the compliances required under labour laws
- It was mentioned that there is adequate policy formulation in the state for providing benefit to the industrialists. However, there is a need to institute mechanisms to ensure effective implementation of such policies by government departments.

Environment Clearances

- It takes an average of 100 days (corresponding to bottom 20 percentile of states) and 55 days (corresponding to top 40 percentile) for obtaining Consent to Establish and Consent to Operate respectively.
- Although forms related to environmental clearances are available online through Nivesh Mitra (online portal functioning as single window clearance system), multiple visits to the department are required for obtaining the clearances. Further, as indicated through industry association interactions, in certain cases the clearances are given by UP Pollution Control Board from its Lucknow office, which delays the approval process. For these reasons, majority of the respondents were not satisfied with their experience of obtaining environmental clearances.

Other Business Regulatory Compliances

- EM-1/EM-2 clearance facility is online (website: www.eudyoguttarpradesh.in). Time taken for both is around 7 days. The state features among top 60 percentile and 20 percentile of states for EM-1 and EM-2 clearances respectively. Majority of the respondents expressed satisfaction with their experience of obtaining EM registrations.
- "Udyog Bandhu" is the single window clearance agency in Uttar Pradesh, responsible for facilitating investment in industrial sector and also solving various issues of existing & new industrial units. Nivesh Mitra is the online portal functioning as a single window clearance system.
- The state does not have a common application form for all the departments. Nivesh Mitra allows online applications for clearances/approvals to be made for 5 departments viz. Department of Industries, Labour, Food Safety and Drug Administration, Pollution and Power department) through its website (<http://nm.udyogbandhu.com/EntpLogin.aspx>). Nivesh Mitra has an application status monitoring feature where colour coding mechanism is used to identify cases where a clearance is not provided by a particular department in the stipulated time. This feature is used by Udyog Bandhu to follow up with the departments on status of application processing. SMS alert is provided to give status updates on applications to the industrialists
- Feedback from respondents indicated that only a small proportion of applications are submitted through Nivesh Mitra, as the applicants have to visit individual departments at various stages for processing of applications after online submission.

Strategic Initiatives for consideration of the State

While the state features in the top 33.33 percentile of states in labour law related compliances and other business regulatory compliances; it features in the middle 33.33 percentile of states in environmental clearances and bottom 33.33 percentile in finance & tax related compliances, infrastructure & utilities related approvals and land & building related approvals.

- The process for administering subsidies/ incentives needs to improve significantly. The state government could consider providing standard document checklists for submission as well as standard procedures for processing which may be transparently shared with both staff as well as applicants to improve process effectiveness and reduce processing time
- The state may also consider implementing an IT based monitoring system to track status of processing of applications at the concerned departments for ensuring that disbursements/ refunds can be made within a specified time limit
- To strengthen the processing of applications for obtaining water connections and fire license/ NOC, consider developing online systems for receiving applications and tracking
- For increasing the efficiency of land allotment within industrial estates, the state may consider adopting an IT/ GIS enabled land application and land allotment system which enables sharing of information in a transparent manner
- Currently, land related clearances/ approvals are given by UPSIDC from its Kanpur office and certain approvals related to environment are given by UPPCB from its Lucknow office, which leads to a delay in the overall clearance/approval process. The state may consider decentralization of certain processes to local offices of its departments/ boards/ corporations to ensure that the clearances/ approvals are provided in stipulated time.
- Environmental clearance is an area which needs to be improved significantly. Standard document checklists for submission as well as standard procedures for inspection may be transparently shared with both staff as well as applicants to improve process effectiveness and cut down processing time.

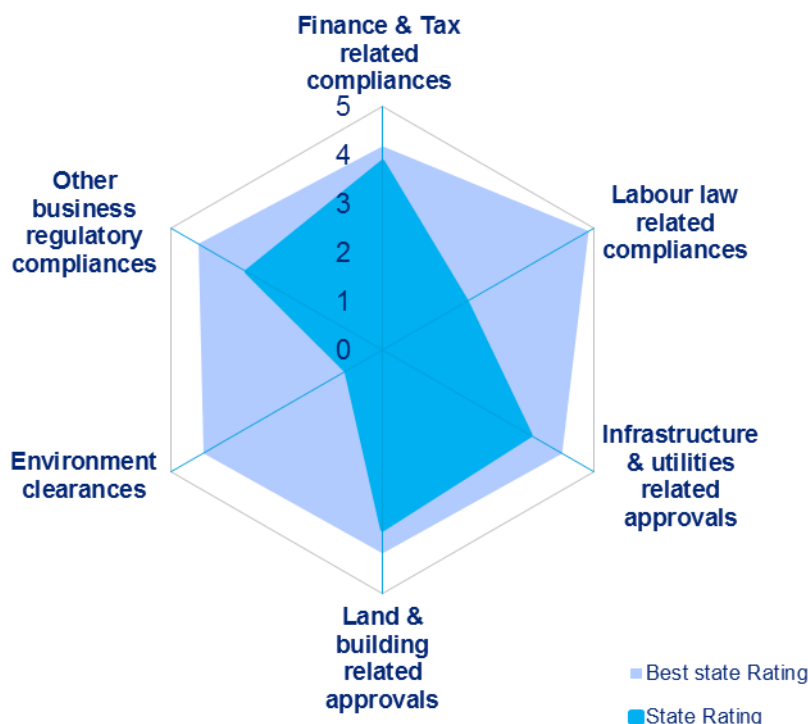
Uttarakhand

Snapshot – Manufacturing Sector

Ranked 15th in the country in terms of share of manufacturing GDP, Uttarakhand contributed around 1.8 % of India's manufacturing GDP in 2011-12

- Manufacturing sector contributed 25.9 % to Uttarakhand's GSDP in 2011-12, with a CAGR of 15.4 % between 2007-08 and 2011-12
- The sector employed around 0.3 million people in 2009-10 representing around 6.3 % of Uttarakhand's working population
- The top 3 sectors based on contribution to the state's manufacturing GDP are:
 - Food products;
 - Pharmaceuticals, medicinal chemical & botanical products; and
 - Machinery

Business Regulatory Environment – Key Findings



Finance & Tax Related Compliances

- State VAT registration can be filed online (<http://comtax.uk.gov.in/>) with the complete process taking approximately 10 days which corresponds to the top 40 percentile of states.
- Option for online VAT payment is available at <http://comtax.uk.gov.in/>. It takes around 7 days to make VAT payments and receive the payment confirmation through emails.
- Majority of respondents were satisfied with their experience of VAT registration and payments.
- Under the Integrated Industrial Promotion Policy, 2008 the state offers incentives/subsidies to MSMEs such as rebate of up to 90% on VAT, exemption from stamp duty, heavy transport subsidy, rebate on power tariffs
 - It takes around 3-6 months to avail incentives. Application for incentives/ subsidy up to Rs. 5 lakhs is handled at the DIC, and the Directorate handles applications for amounts greater than Rs 5 lakh. The incentive application process is manual. Majority of the respondents were satisfied with their experience of availing incentives.

Stakeholders Comments on infrastructure

- Availability of land in state developed industrial estates is adequate
- The power availability in Uttarakhand is satisfactory. Moreover, SIDCUL, in collaboration with Gas Authority of India Limited, provides piped natural gas in its industrial estates, as alternative energy source to electricity.

Innovative/ Good Practices

- Uttarakhand has divided its Single Window Mechanism (SWM) into two parts to address issues related to dependencies.
 - Part 1 of the SWM deals with clearances before the establishment of a unit
 - Part 2 deals with clearances after the establishment of a unit.

Labour Law Related Compliances

- Registration/ renewal of licenses under Factories Act requires around 40 days, placing the state in the bottom 60 percentile of states. The process of obtaining /renewal of licenses under the Factories Act is manual. Many respondents have expressed dissatisfaction with the experience of obtaining/ renewing licenses under Factories Act primarily due to (i) complex documentation requirements and (ii) inspections not being based on standard objective procedures.
- Many respondents were not satisfied with the experience of complying with other labour laws due to (i) excessive documentation requirements and (ii) inspections not being based on standard objective procedures.

Infrastructure & Utilities Related Approvals

- It takes around 7 days to obtain/ renew Fire NOC & licenses corresponding to top 20 percentile of states. The application process is manual. Majority of the respondents were satisfied with the experience of obtaining/ renewing Fire NOC and licenses.
- It also takes around 7 days to obtain water connection related approvals corresponding to top 20 percentile of states. The application process is manual. Majority of the respondents were satisfied with the experience of obtaining water connection related approvals.
- Power connection related approvals require approximately 130 days corresponding to bottom 20 percentile. The process for obtaining power connection is online (<https://www.upcl.org/wss/NewRegistrationsTLT.htm>). Majority of the respondents were satisfied with the experience of obtaining power connection related approvals.

Land & Building Related Approvals

- Allocation of land in the state managed industrial estates takes about 110 days, which is in the top 60 percentile of states. The application forms for availing land are available online at <http://www.sidcul.com/Downloads/ApplicationForms.aspx>. Majority of the respondents were satisfied with the experience of obtaining land allotment related approvals.
- Almost all respondents from Uttarakhand indicated that most of the manufacturing units, especially MSMEs had availed land in industrial estates and so had no experience on land end use conversion in the state.
- Approval for building plan takes around 25 days with the state featuring in the top 20 percentile. The building plan approval process is manual. Majority of respondents were satisfied with the experience of obtaining building plan approvals.

Environment Clearances

- Consent to Establish and Consent to Operate takes around 160 days and 180 days respectively with both corresponding to the bottom 20 percentile of the states. Feedback from respondents indicated that the time taken for

Suggestions by Stakeholders

The number of forms and documentation requirements for labour related compliances should be reduced.

The checklist of documents to be submitted along with the prescribed forms for various clearances/ approvals/ licenses should be provided on the websites of concerned department/ agency

- A 'Tatkal System' can be introduced where quicker clearances can be obtained for a higher fee

obtaining environmental clearances is the key reason for delays in implementing projects.

- Majority of the respondents were not satisfied with their experience of obtaining the environmental clearances primarily due to (i) delays in conducting inspections, (ii) inspections not being based on standard objective procedures and (iii) complex documentation requirements.

Other Business Regulatory Compliances

- Uttarakhand features in the top 40 percentile for both EM-1 and EM-2 registrations, with around 3 days required to get an EM-1 registration and 12 days to get an EM-2 registration.
- Both the EM applications can be submitted online (<http://onlineservices.doiuk.org/general/em/em1.php> and <http://onlineservices.doiuk.org/general/em/em2.php>)
- The majority of respondents were satisfied with their experience of obtaining the EM registrations.
- Uttarakhand has a Single Window Mechanism (SWM) backed by the Uttarakhand Single Window Facilitation & Clearance Act, 2012, and covering all major departments, including Labour, Pollution Control Board, Commercial Taxes, Power and Forest.
- Many respondents were not satisfied with their experience of single window mechanism, primarily on account of lack of a Common Application Form. The forms for clearances from different departments are available online at a single location on the website of the Directorate of Industries (<https://www.doiuk.org/>) which are required to be separately filled in by the entrepreneurs. Feedback from respondents also indicates that multiple visits are required to be made to the respective departments for getting the approvals/ clearances.

Strategic Initiatives for Consideration of the State

While the state features in the top 33.33 percentile of states in finance & tax related compliances, infrastructure & utilities related approvals and land & building related approvals; it features in middle 33.33 percentile in other business regulatory compliances and bottom 33.33 percentile of states in environmental clearances and labour law related compliances.

- As regards to labour law related compliances, the state may consider developing an online system for obtaining/ renewing licences under Factories Act including a mechanism for tracking status of applications under process. Document standard operating procedures (SOPs) for inspection processes under factories act to increase transparency and efficiency of the process.

- Environmental clearance is the other area which needs to be improved significantly. The Government could consider adopting an IT-enabled system for both the Consent to Establish and Consent to Operate approvals, with a facility for internal monitoring of timelines and milestones by senior officials and tracking of applications by the applicants. Standard document checklists for submission as well as standard procedures for inspection may be transparently shared with both staff as well as applicants to improve process effectiveness and cut down processing time.
- For improving the other Business Regulatory Compliances, the state can aim to improve its Single Window Mechanism further by:
 - Revising and standardizing the list of required documents which are required for applying through the Single Window (making it comprehensive) and thereby avoiding the possibility of delays on account of demand for further documents from the line departments.
 - Revision of time limits for individual clearances under Single Window Mechanism may be considered with a view to making them reasonable while strengthening the monitoring mechanism for ensuring adherence.
 - Developing a common application form for the Single Window Clearance Mechanism to enable entrepreneurs to submit all requisite information required by all departments to a single agency.

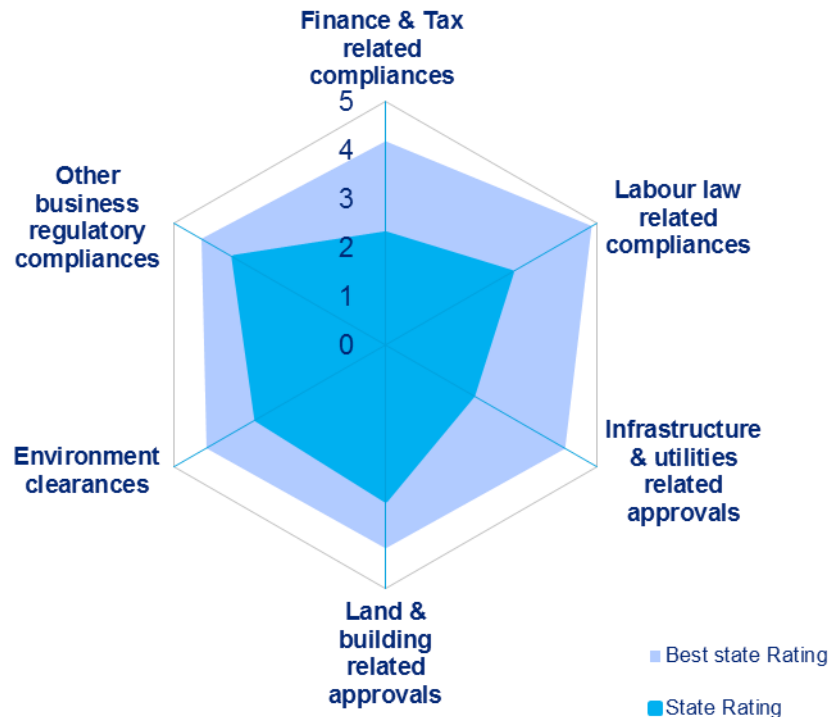
West Bengal

Snapshot – Manufacturing Sector

Ranked 7th in the country in terms of share of manufacturing GDP, contributing around 4.3% of manufacturing GDP in 2011-12

- Manufacturing sector contributed 10.7% to West Bengal's GSDP in 2011-12, with a CAGR of 5.3% between 2007-08 and 2011-12
- The sector employed around 6.3 million people in 2009-10 representing around 18.4% of West Bengal's working population
- The top 3 sectors based on contribution to the state's manufacturing GDP are:
 - Manufacture of chemicals & chemical products
 - Basic metals
 - Food products

Business Regulatory Environment – Key Findings



Finance & Taxes related Compliances

- Though application for VAT registration can be done online (<http://wbcomtax.wb.nic.in/eRegistration/ereg.jsp>), the complete process takes around 34 days corresponding to the bottom 20 percentile of states. Majority of the respondents were not satisfied with the time taken for obtaining the same.
- VAT payment can be made online and takes around 4 days corresponding to bottom 40 percentile of states. Majority of respondents were satisfied with their experience of VAT payment.
- Feedback from industry associations as well as respondents indicated that getting VAT refund is complex and time consuming on account of standard objective procedures not being followed.
- The State Government has recently introduced “The West Bengal State Support for Industries Scheme, 2013” which offers several incentives according to the location of the industrial unit in the state. Key incentives include waiver of electricity duty, additional incentive on generation of employment, stamp duty refund, anchor unit subsidy, financial assistance for Patent Registration, waiver of land conversion fee, tax holiday on VAT return, etc.
 - It takes more than a year to avail incentives. Majority of respondents were not satisfied with their experience of availing incentives on account excessive documentation while applying and

Stakeholders Comments on Infrastructure

- Interactions with stakeholders indicate that acquisition and conversion of agricultural land in the state for industrial purposes is difficult thereby limiting land available for setting up manufacturing units
- Power availability and quality is adequate
- Respondents commented road network needs improvement

need for multiple visits to concerned departments. Also the process for applying for the same is manual.

Labour Law related Compliances

- Registration/ renewal of licenses under Factories Act requires approximately 70 days with the state featuring in the bottom 20 percentile of states. Recently, the application process has been made online (<http://wbfactoryonline.in/Home.aspx>). Majority of respondents were not satisfied with respect to the time taken to obtain registration/renewal for licences under Factories Act due to multiple visits required to be made to the departments. Many micro & small units also found the required documentation requirements to be complex.
- Majority of respondents expressed satisfaction with their experience of complying with other labour laws.

Infrastructure & Utilities Related Approvals

- The state does not have an IT enabled online system for submitting/ processing applications for water and power connection and obtaining/ renewing fire NOC & license.
- The State featured in the bottom 20 percentile of states for obtaining/ renewing Fire NOC & License which takes around 71 days. Most respondents were not satisfied with the time taken to obtain a fire NOC and license. They cited lack of transparency in identifying the concerned point of contact within the Department for availing the license and consequently having to avail third party services for obtaining the NOC/ License.
- It takes around 98 days to obtain approval for water connection corresponding to the bottom 20 percentile of states. Majority of respondents were not satisfied with the time taken on account of the need for multiple visits to the concerned department.
- Obtaining approval for power connection takes around 71 days with the state featuring in the top 40 percentile of states. Majority of respondents were not satisfied with the time taken on account of the need for multiple visits to the concerned department.

Land & Building Related Approvals

- Land allotment in industrial estates takes around one month corresponding to the top 20 percentile of states. Majority of respondents expressed satisfaction with their experience in obtaining the same.
- Conversion of end use of land requires around 180 days corresponding to the bottom 40 percentile of states. Majority of respondents were not satisfied with their experience in obtaining the same on account of (i) multiple visits required to be made to the concerned department and (ii) standard objective procedures not being followed.
- Approval for building plan requires an average of 28 days with the state featuring in the top 20 percentile. The building plans can be submitted online. Majority of respondents expressed satisfaction with their experience in obtaining the building approvals.

Innovative/Good Practices

- Reminder for Trade License renewal is mailed to respective entrepreneurs and they make the payment at banks and receive a receipt. This receipt along with the mail for trade license renewal comprises the renewed trade license.
- The Department of Micro & Small Scale Enterprises & Textiles, GoWB has introduced a website (<http://myenterprise.wb.gov.in/>) which has simplified abridged versions of all applicable Acts & Laws and has an interactive feature which enables SMEs to identify the incentives they can avail.
- To raise awareness about incentives for the small and micro enterprises, the DICs are developing a single point of information dissemination at the district level, on the lines of Shilpa Sathi.
- Pollution Control Board is in the process of institutionalizing a center called "Environment Compliance Assistance Centre", to support industry, especially MSME with environment related clearances / regulations.

Environment Clearances

- Consent to Establish takes around 79 days corresponding to the top 60 percentile of states. Majority of respondents were not satisfied with the time taken. However, most respondents expressed satisfaction with the process for availing Consent to Establish.
- Consent to Operate takes around 107 days corresponding to the bottom 20 percentile of states. Majority of respondents were not satisfied with the time taken. However, most respondents expressed satisfaction with the process for availing Consent to Establish.
- The process for applying for the environmental clearances is online (<http://emis.wbpcb.gov.in/>).

Other Business Regulatory Compliances

- EM-1 registration, which is based on a self-declaration, takes around 1 day corresponding to the top 20 percentile of states. Majority of the respondents expressed satisfaction regarding their experience of obtaining EM-1 registrations.
- EM-2 registration takes around 31 days with the state featuring in the bottom 20 percentile. Majority of respondents were not satisfied with the time taken. However, most respondents expressed satisfaction with the process in place.
- The Department of Micro & Small Scale Enterprises & Textiles, GoWB has recently introduced a system of online application for EM-1, EM-2 & Factories Act for the SME's via a dedicated website (<http://myenterprise.wb.gov.in/>).
- West Bengal Industrial Development Corporation (WBIDC), an agency of the State's Commerce & Industries Department, has introduced the Single Window Clearance system called 'Shilpa Sathi' or the State Investment Facilitation Centre (SIFC) for large and medium industries.
- SIFC has representatives from the covered departments (namely Directorate of Factories, Shops & Establishment Directorate, Fire or Emergency Services Department, Pollution Control Board, Power utilities, Irrigation & Waterways Department and Kolkata Municipal Corporation) to verify and address queries from investors.
- As part of the single window clearance mechanism there is a Common Application Form for use by investors. However, online submission of the Common Application Form and tracking of applications has not yet been introduced. Based on discussions with Industry Association and industries, we were given to understand that the Single Window System is not functioning effectively. Entrepreneurs have to make multiple visits for following up on the approval/ clearance status with individual departments.
- Majority of the respondents expressed satisfaction with the experience of interacting with the Industries department/ DIC.

Suggestions by Stakeholders

- Industry associations emphasized the need for creating awareness regarding the Single Window Clearance System and introducing application status tracking mechanisms for increasing the transparency of the system.
- The DICs cited low awareness among entrepreneurs regarding incentives which can be availed and specified the need for creating awareness amongst entrepreneurs regarding the schemes / incentives available.
- Industrialists have asked for ESI registration process in the State to be completely IT enabled so that physical visits can be eliminated consequently reducing the time taken for the process.

Strategic Initiatives for consideration of the State

While the state features in the top 33.33 percentile of states in land & building related approvals and other business regulatory compliances; it features in the middle 33.33 percentile of states in labour law related compliances and environmental clearances. The state features in the bottom 33.33 percentile in finance & tax related compliances and infrastructure & utilities related approvals and land & building related approvals.

- The process for administering subsidies/ incentives needs to improve significantly. The state government could consider providing standard document checklists for submission as well as standard procedures for processing which may be transparently shared with both staff as well as applicants to improve process effectiveness and reduce processing time
The state may also consider implementing an IT based monitoring system to track status of processing of applications at the concerned departments for ensuring that disbursements/ refunds can be made within a specified time limit.
- To strengthen the processing of applications for obtaining water & power connections and fire license/ NOC, consider developing online systems for receiving applications and tracking
- Environmental clearance is an area which needs to be improved significantly. Standard document checklists for submission as well as standard procedures for inspection may be transparently shared with both staff as well as applicants to improve process effectiveness and cut down processing time.
- As regards to labour law related compliances, the state may consider steps to increase awareness regarding the online system developed for obtaining/ renewing licences under Factories Act. Document standard operating procedures (SOPs) for inspection processes under factories act to increase transparency and efficiency of the process.

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