NCAER survey: Gujarat best state to start new business; UP, Jharkhand the worst

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Gujarat, Delhi and Tamil Nadu are the best places to make fresh investments in India, while Jharkhand, Uttar Pradesh and Bihar lag on this front, a latest survey by think-tank National Council of Applied Economic Research (NCAER) has revealed.

The NCAER State Investment Potential Index (N-SIPI) is based on five pillars such as labour, infrastructure, economic climate, political stability and governance and perceptions of a conducive business climate. The survey was undertaken in 20 states and one Union Territory, Delhi.

If perception of the business climate is excluded, Gujarat slips to the second place and Delhi occupies the top slot. States like Kerala, West Bengal and Punjab move up the rankings while others like Andhra Pradesh, Chhattisgarh and Madhya Pradesh move down.

Interestingly, Jharkhand, which is at the bottom of the table in the NCAER rankings, was placed at the third spot on the ease of doing business rankings conducted last year at the behest of the Department of Industrial Policy and Promotion (DIPP).

However, both are not strictly comparable, as the 2015 rankings of states by the DIPP and the World Bank were based on how the states fared in implementing a 98-point action plan adopted in December 2014 and didn’t exactly reflect the business-conducive nature of states, while the NCAER rankings are based on the five pillars that are crucial for potential investments.

Shekhar Shah, director general, NCAER, said, "It provides an entry point in thinking about new investment for domestic and overseas firms and encouraging a more competitive ethos among Indian states."

Kerala, Tamil Nadu and Karnataka top the list under the pillar for labour, while Delhi is ranked the best in the infrastructure pillar, followed by Punjab and Gujarat. In economic climate, Delhi occupies the top slot, followed by Andhra Pradesh and Maharashtra. In governance and political stability, Gujarat tops the charts. FE