Delhi, TN, Gujarat are best States for doing business: NCAER study

NEW DELHI, AUGUST 3

Delhi has emerged the most-attractive State for investors, improving its position on the think-tank National Council for Applied and Economic Research (NCAER)'s 2018 State Investment Potential Index. Gujarat, previously No 1, slipped two places to the third position. The surprise elements in the index, named N-SIPI, was Tamil Nadu, which moved up four places to No 2.

West Bengal jumped 11 places from last year to emerge the 10th most attractive State for investors.

Andhra Pradesh saw a decline in its attractiveness, falling from the third position in 2017 to the seventh in the 2018 index, while Punjab moved up four places to No 12. N-SIPI, now in the third edition, ranked 21 major States, including Delhi, on various parameters.

In the overall rankings, Delhi, Tamil Nadu, Gujarat, Haryana, Maharashtra and Kerala emerged the most attractive States to do business, while Odisha, Uttar Pradesh, Assam, Jharkhand and Bihar were at the bottom.

Key constraints

N-SIPI was constructed with six pillars that were classified under four broad categories: Factor-driven (land and labour), efficiency-driven (infrastructure), growth-driven (economic climate, political stability and governance), and perceptions-driven (responses to the survey).

Researchers at NCAER contacted 1,049 business enterprises of different sizes in manufacturing and services sector for the survey.

Respondents to the perception survey said the law and order situation was a major issue, almost 55 per cent identifying that as the primary constraint. In the 2017 round of survey, almost 57 per cent of the respondents had identified corruption a major constraint.

This time, the proportion of respondents identifying corruption as a major constraint declined 46 per cent. Other significant constraints identified by the respondents include difficulty in getting approvals for land, transition to GST, quality of skilled labour and getting all approvals before starting business.

Disaggregated assessment of individual pillars of the N-SIPI showed Telangana was the best performer on the land pillar, followed closely by Madhya Pradesh and Tamil Nadu. Assam and Kerala displayed significant improvement over the year, moving up the rankings by seven and six places, respectively.

On the labour pillar, Tamil Nadu and Andhra Pradesh retained their first and second positions, and on the infrastructure pillar, Delhi retained its top position. Punjab moved up to the second position, improving its ranking by two places.

On the economic climate pillar, Delhi retained the No 1 position, while Telangana moved up four places to the second spot.

On the governance and political stability pillar, Tamil Nadu moved up four places to No 1, displacing Haryana, which moved down to the second.
However, it was the perceptions pillar that threw up some surprises. Gujarat retained its number one position, Haryana moved up two places to number two and West Bengal jumped 18 places to the third position. Uttarakhand was another State that saw vast improvement on perceptions, moving up 10 places to the sixth position.
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