Assessment of State Implementation of Business Reforms

September 2015

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List of Acronyms

BOCW	Building and Other Construction Workers Act, 1996
CAD	Computer Assisted Design
CAF	Common Application Form
CST	Central Sales Tax
CTE	Consent to Establish
CTO	Consent to Operate
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce & Industries
EM	Entrepreneur's Memorandum
EPFO	Employee's Provident Fund Organisation
ESIC	Employees' State Insurance Corporation
GIS	Geographic Information System
IEM	Industrial Entrepreneur Memorandum
NOC	No Objection Certificate
SWS	Single Window System
ULB	Urban Local Bodies
UT	Union Territory
VAT	Value Added Tax

Foreword

Onno Ruhl, Country Director, World Bank

In 2014, the Prime Minister of India, Shri Narendra Modi, requested the World Bank Group to support India's efforts to enhance India's competitiveness and increase manufactured exports. The growth of business in India requires concerted action on several fronts – infrastructure, capital markets, trade facilitation and skills – but the stark reality is that India remains a difficult place to do business. A disproportionately high regulatory burden is borne by businesses in India today.

This difficult regulatory burden is exemplified by India's current rank of 142 among 189 nations in the World Bank's Doing Business 2015 study. India does not feature in the top 100 countries on 8 of the study's 10 indicators, in Getting Credit and Protecting Minority Investors India is ranked 7th and 32nd respectively. On Dealing with Construction Permits and Enforcing Contracts, India ranks among the bottom 10 economies in the world. Thus the need of the day is reform, and the reforms must be led by the Government at both Central and State levels.

It is encouraging to note that the Government of India has embarked on ambitious reforms focused on improving India's performance in the World Bank's Doing Business rankings. These efforts, among other things, focus on implementing reforms relating to starting a business, resolving insolvency, enforcing contracts, and trading across borders.

While efforts at improving India's ranking in the Doing Business Report do cover some of the regulatory issues pertaining to state governments, much more is required to be done at state governments' level to achieve the Prime Minister's vision of making India an easy place to do business. A majority of the regulatory burden imposed on business is due to the plethora of laws, rules, regulations and procedures enforced by the States. This gives rise to a wide number of registrations, licenses and NOCs that businesses must obtain and file compliance returns on.

While the World Bank Group has been working for many years with officials of Government of India, this effort gained traction only in the last one year thanks to the political commitment coupled with renewed and vigorous efforts of officials of both central and state governments in India to make India an easy and simple place to do business. A pleasing aspect of the effort of the last one year has been the lead taken by Government of India in pushing through an agreed set of

reforms in the States. On 29th December 2014, Chief Secretaries of States participating in the "Make in India" workshop finalized a 98-point Action Plan on "Ease of Doing Business" and subsequently it was decided that an evaluation will be conducted to assess progress by June 2015. This report captures the findings of the evaluation of this unique exercise, and ranks States in terms of their implementation of the 98-point action plan. We are pleased to support the Government of India in undertaking this unique endeavor, because it takes a "competitive federalism" approach to business reform. The World Bank Group also stands committed to support States in their efforts to further improve the regulatory framework for business, and to help build bridges between States and the Centre to share knowledge, best practices and promote both competitive and cooperative federalism going forward.

I am pleased to present this report – "Assessment of State Implementation of Business Reforms" – as a scorecard to take stock of what reforms have happened, and to identify the way forward for States. The report highlights the innovations and achievements on individual reforms, so that States can easily identify counterparts who have achieved the reforms, and can reach out to learn directly from their peers. I would urge all stakeholders to support this exchange of information, knowledge and best practice between States.

On behalf of all the partners of this report, we would like to thank Shri Amitabh Kant, Secretary, DIPP; Shri Shatrughna Singh, Additional Secretary, DIPP; Shri Shailendra Singh, Joint Secretary, DIPP; and Shri Ravinder, Director, DIPP, for their continuous and unwavering support and encouragement in conducting this mammoth exercise.

1. Executive Summary

In December, 2014, at the "Make In India" workshop, State governments agreed to a a 98-point action plan for business reforms to all States and Union Territories. The objective of the action plan was to lay out the first of a series of recommendations targeted at increasing transparency and improving the efficiency and effectiveness of various government regulatory functions and services for business in India. Simplifying regulatory burdens on business at the State level is an important component of the ambitious Ease of Doing Business in India initiative. The 98-point action plan was the first in a series of phased plans – the 98 points do not represent a comprehensive list of all reforms required at the State level, and will be followed by successive rounds of further recommendations to further ease the regulatory burden on business.

This assessment, the first of its kind, has been conducted to take stock of reforms implemented by States in the period January 1 to June 30, 2015. Data was collected through a structured questionnaire that was completed by each State and UT Government. The responses were validated through a series of in-depth workshops with State Government representatives, and the collection of supporting evidence on each of the parameters of the questionnaire. The evidence collected consists of rules, notifications, circulars, website screenshots and a variety of other documents provided by the State Government or found online to prove conclusively that the State meets the requirements of the assessment. Following the completion of the data collection and State visits, the data was evaluated in detail jointly to ensure that the same yardstick was applied to measure progress for all States.

The results of the assessment indicate that States have wholeheartedly embraced the challenge placed upon them to focus on further streamlining the regulatory burden on business in India. To quote one of the Chief Secretaries, "The study provides a good benchmark for initiating work towards enabling/ facilitating ease of doing business. Sustained and time bound efforts would need to be undertaken to make this a long-term success".

The assessment has also given rise to competition among States and UTs to undertake reforms. The high priority given to this initiative is indicated by the support and ownership of the reform agenda at the highest levels of State Government. We hope that this report will allow States to understand how they have performed, but, more importantly, to learn about some good practices already being implemented across India that can be readily customized and adopted. Most States have expressed an interest to not only compete, but also to collaborate and learn from each other's experience.

Many States have already embarked on ambitious reform programs or expanded their ongoing reform efforts since the announcement of the 98-point action plan. Various process streamlining and technology interventions have been undertaken in the areas of commercial taxes (time-bound VAT/ CST registrations, online mechanisms for payments and returns of various taxes etc.), labour (self-certification mechanisms for integrated returns and inspections, development of online labour

management systems etc.) and environment (exemption of a number of green industries from approvals/ consents, implementation of consent management systems etc.).

On a long journey, these are the first steps in the right direction. There are still a multitude of reforms that need to be undertaken and implemented effectively. On average, only 32% of the proposed reforms have been implemented across the country. The implementation of reforms regarding inspection and enforcement of contracts, which necessitate medium term actions, stands at less than 20%.

This report contains detailed analysis on each of the 285 questions studied in the assessment, and outlines which States are leading on each. The report further provides a two page summary on each State, with highlights on their achievements as well as indications on where they need to focus going forward.

It is important to ensure that reforms are actually being felt by the beneficiaries, the private sector. Global experience indicates that there may be a gap between what is provided for on paper, and what is actually implemented on the ground. The degree of implementation may also vary across firms and jurisdictions. The supply response to the reforms may therefore be muted when such gaps exist. Additionally, most reforms that have been implemented by States in response to the Action Plan have been implemented between March and June, 2015. It is critical that these reforms be properly communicated, monitored and evaluated, to ensure that the impact of the reforms are being felt on the ground. The last chapter of this report provides some suggestions on methods to engage the private sector.

Finally, this assessment has provided deep insights into regulatory practices across States, and brought forth details on how States are implementing reforms. We suggest that DIPP should supplement and share this knowledge with interested States to help them develop and undertake reforms. It has also shed light on the need for modifications in not just the methodology for assessment, but on the need to design reforms on the basis of a shared vision. Therefore, we suggest that DIPP should actively engage States in dialogue more broadly in envisioning, designing and implementing the next set of reforms to be undertaken. In addition, the private sector should be actively engaged to ensure that the reforms that are implemented are relevant and are of high priority for business.

In the long run, effective reform involves a sustained and knowledge-based process that requires benchmarking, consultation and sharing of information. This report is inspired by the notion that "What gets measured gets done", and is therefore is intended to trigger a participatory and knowledge-driven reform process.

2. Overall Results and Findings

2.1 Introduction

A wide range of forecasts indicate that, by 2020, India will be home to 1.35 billion people, of whom 906 million will be of working age. These 906 million will need jobs to sustain India's growth, and these jobs can only be provided by the sustained growth of the manufacturing and service sectors in India.

The challenge ahead, therefore, is to create the jobs to employ India's rapidly growing youth base, and the only means of doing so is to catalyze increased private investment in India. Today's investment equals tomorrow's jobs, and so the Government of India has embarked on the ambitious Make in India initiative to create jobs.

But attracting investment means that the environment for investment must be made friendly. According to the World Bank's Enterprise Survey, businesses in India rank corruption as the number one constraint to growth, ahead of factors like electricity, access to finance and access to land. Corruption arises due to lack of a transparent and effective regulatory framework; this is highlighted in a wide range of global analytics. India ranks 142 out of 189 economies in the World Bank's Doing Business 2015 report, the second worst performing economy in South Asia. The World Economic Forum's Global Competitiveness Report ranks India as 71 out of 144 economies. India is ranked at 93rd on irregular payments and bribes, 59th on burden of government regulation, and 57th on the efficiency of the legal framework in settling disputes.

Therefore, improving India's regulatory framework for business is a key prerequisite for increasing investment in India and thereby creating jobs. The Government of India has already embarked on an ambitious agenda to improve India's Doing Business rank to 50 by 2017; however, this effort will only address a small subset of the regulatory burden on investors. Doing Business reforms will only address central regulations, and regulations in Mumbai and Delhi; the rest of the country must also improve simultaneously if we are to convert our reforms into results.

It is with this objective that, in December 2014, States agreed to a 98-point action plan to suggest potential reforms that should be undertaken to improve the regulatory framework for business nationwide. This assessment aims to take stock of the progress made by each State and Union Territory[1] up to June 30, 2015 in addressing this urgent priority. More importantly, this assessment allows us to generate a wide base of knowledge on how States have been addressing the task of reducing the regulatory burden on business, and identifies a series of good practices already underway in each State.

We hope that this assessment report will allow States to learn from one another and replicate success stories, thereby rapidly improving the regulatory environment for business nationwide. This report may form the basis for productive dialogue with the private sector on what more needs

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[1] Throughout the rest of this report, the word "State" refers to States as well as Union Territories

to be done in each State to improve the environment for business. In addition, learning may not be limited to learning from other States but rather, once States have decided what more they want to do, they may learn from other countries as well.

2.2 Methodology

The methodology for this assessment is appended with this report as Appendix I and II. The report assesses implementation status of reform measures across the following eight areas:

S. No	Area
1.	**Setting up a business**
2.	**Allotment of land and obtaining construction permit**
3.	**Complying with environment procedures**
4.	**Complying with labour regulations**
5.	**Obtaining infrastructure related utilities**
6.	**Registering and complying with tax procedures**
7.	**Carrying out inspections**
8.	**Enforcing contracts**

In the course of carrying out this exercise, we learned several important lessons:

- Implementing effective reform at the State level entails a shared vision for success. Effective implementation requires all parties to have a shared vision, and this is a prerequisite to ensure that reforms are felt by the businesses themselves. For this reason, we developed a vision document that outlines what success means for each of the 285 questions, and shared this with the States. We hope States will use this vision to design and implement more effective reforms going forward. The vision for each question is articulated in the area-specific sections below.
- Many reforms have been implemented only very recently – between March and June 2015 – as a result of which the private sector may not be aware of them. We would urge States to undertake a detailed communications campaign to ensure businesses are aware of the improvements in the regulatory environment.
- Business feedback is critical to ensuring that the reforms that have been implemented are being felt by the private sector. Given the short timeframe for implementation given by States, this assessment does not take into account the experience of users. However, future reports may also survey the private sector to ensure that the reforms are effective at the ground level.
- Some of the parameters studied in this assessment were found to be outside the control of States, or were dictated by central laws, regulations and practices. This includes inspections for ESIC and EPFO, as well as the provision of gas connections. Future assessments will omit these questions; in the meantime, we have considered all such questions to be Not Applicable in this assessment.

2.3 Overall Findings

2.3.1 Overall results

The assessment reveals that States are at very different levels of implementation of the 98-point action plan. The implementation status of each State has been converted to a percentage, and, on the basis of this total percentage, we have calculated the State rankings as shown in the table below.

Rank	State	Score	Rank	State	Score
1	Gujarat	71.14%	17	Himachal Pradesh	23.95%
2	Andhra Pradesh	70.12%	18	Kerala	22.87%
3	Jharkhand	63.09%	19	Goa	21.74%
4	Chhattisgarh	62.45%	20	Puducherry	17.72%
5	Madhya Pradesh	62.00%	21	Bihar	16.41%
6	Rajasthan	61.04%	22	Assam	14.84%
7	Odisha	52.12%	23	Uttarakhand	13.36%
8	Maharashtra	49.43%	24	Chandigarh	10.04%
9	Karnataka	48.50%	25	Andaman and Nicobar Islands	9.73%
10	Uttar Pradesh	47.37%	26	Tripura	9.29%
11	West Bengal	46.90%	27	Sikkim	7.23%
12	Tamil Nadu	44.58%	28	Mizoram	6.37%
13	Telangana	42.45%	29	Jammu and Kashmir	5.93%
14	Haryana	40.66%	30	Meghalaya	4.38%
15	Delhi	37.35%	31	Nagaland	3.41%
16	Punjab	36.73%	32	Arunachal Pradesh	1.23%

To assist in understanding the results and in analyzing the detailed data in the subsequent chapters, we have placed States into four groups:

- *Leaders*: States with an overall implementation status of 75% and above. This assessment revealed that no States had attained this status.
- *Aspiring Leaders*: States with an overall implementation status between 50% and 75%. 7 States were found to be within this group: **Andhra Pradesh, Chhattisgarh, Gujarat, Jharkhand, Madhya Pradesh, Odisha** and **Rajasthan**.
- *Acceleration Required*: States with an overall implementation status between 25% and 50%. 9 States were found to be within this group: **Delhi, Haryana, Karnataka, Maharashtra, Punjab, Tamil Nadu, Telangana, Uttar Pradesh** and **West Bengal**
- *Jump Start Needed*: States with an overall implementation status between 0% and 25%. 16 States were found to be within this group: **Andaman and Nicobar, Arunachal**

Pradesh, Assam, Bihar, Chandigarh, Goa, Himachal Pradesh, Jammu and Kashmir, Kerala, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, Tripura and **Uttarakhand.**

The graphic below attempts to summarize the race to 100% implementation status:

Jump Start Needed	Acceleration Required	Aspiring Leaders	Leaders
•*Andaman and Nicobar* •*Arunachal Pradesh* •*Assam* •*Bihar* •*Chandigarh* •*Goa* •*Himachal Pradesh* •*Jammu and Kashmir* •*Kerala* •*Meghalaya* •*Mizoram* •*Nagaland* •*Puducherry* •*Sikkim* •*Tripura* •*Uttarakhand*	•*Delhi* •*Haryana* •*Karnataka* •*Maharashtra* •*Punjab* •*Tamil Nadu* •*Telangana* •*Uttar Pradesh* •*West Bengal*	•*Andhra Pradesh* •*Chhattisgarh* •*Gujarat* •*Jharkhand* •*Madhya Pradesh* •*Odisha* •*Rajasthan*	

Below, we also summarize these groups into a simple map, to make it easier to visualize. Throughout this report, we have used the same colors to represent each group and the States within the groups: dark blue for Aspiring Leaders, grey for Acceleration Required and light blue for Jump Start Needed.
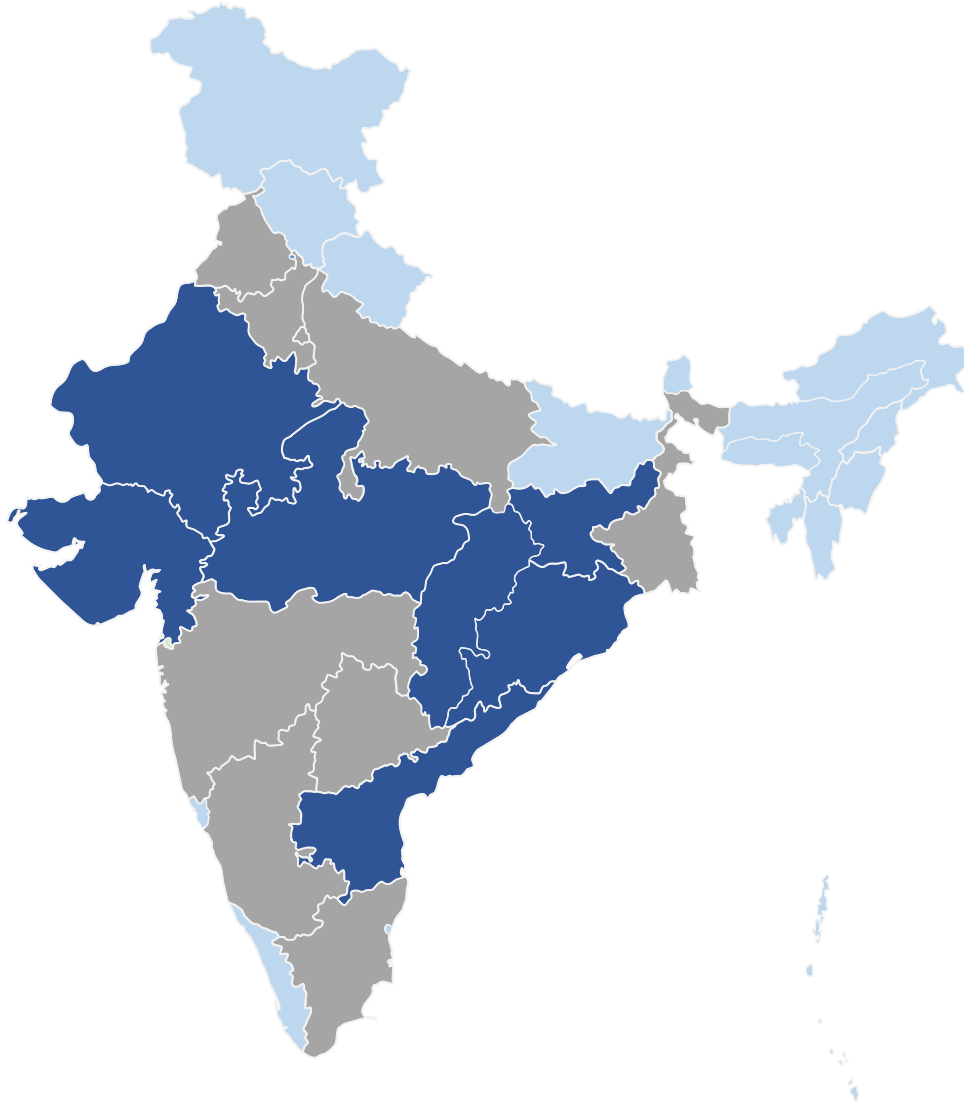
How are States performing within each of these groups? The three graphs below look at State implementation status within each group, in the context of the State's per capita income and private investment intentions in the State (the number and value of Industrial Entrepreneur Memorandums filed, and the Letters of Intent or Direct Investment Letters issued in a State). All data are from 2013-2014[2].

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[2] Data sourced from Planning Commission for per capita income and indiastat.com for investment intentions.

Per Capita Income vs Implementation Status by State

Number of Investment Intentions vs. Implementation Status by State
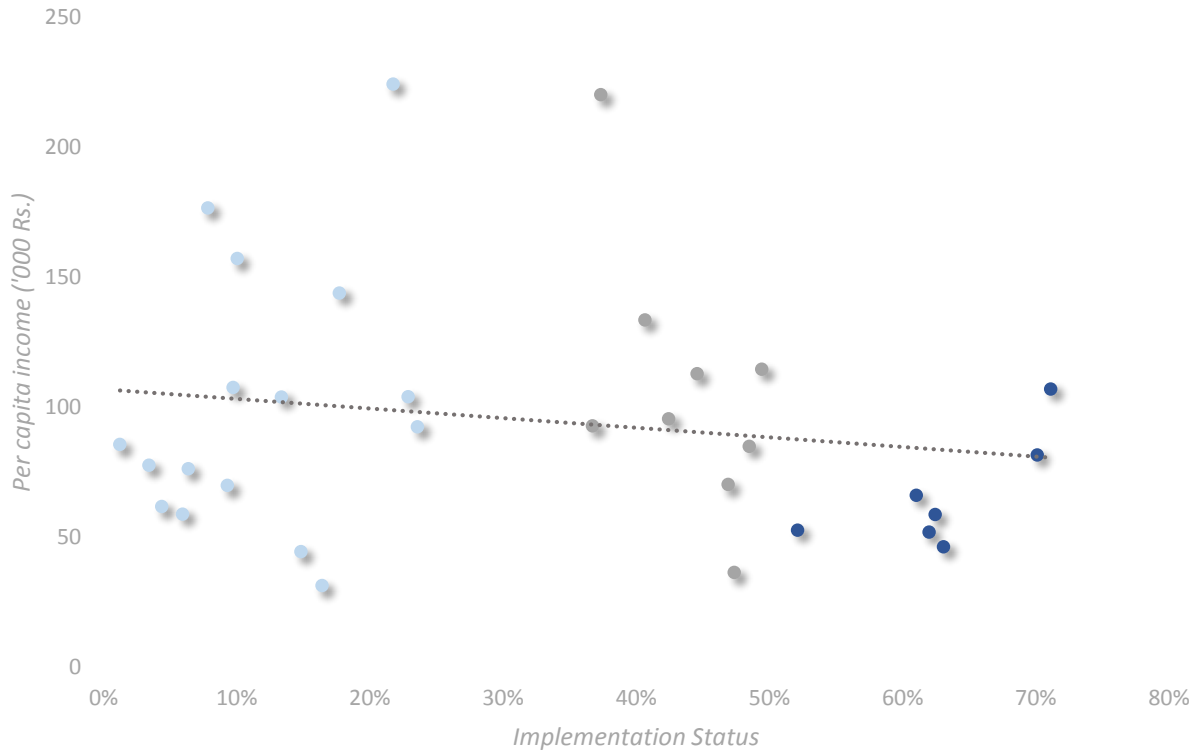
Value of Investment Intentions vs Implementation Status by State
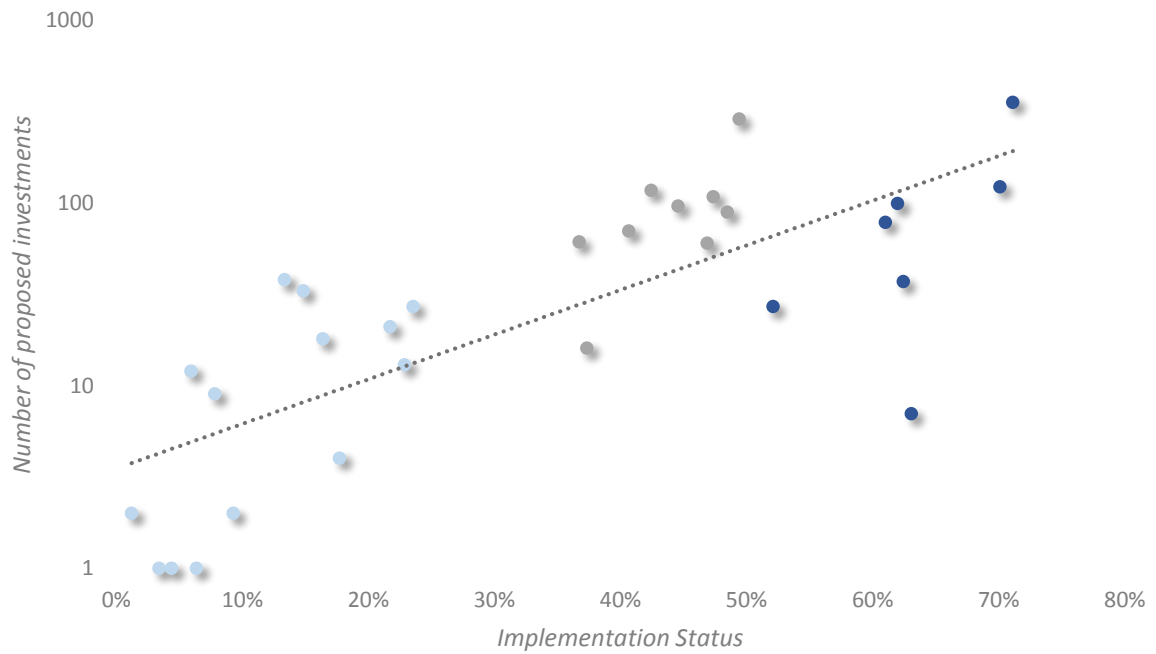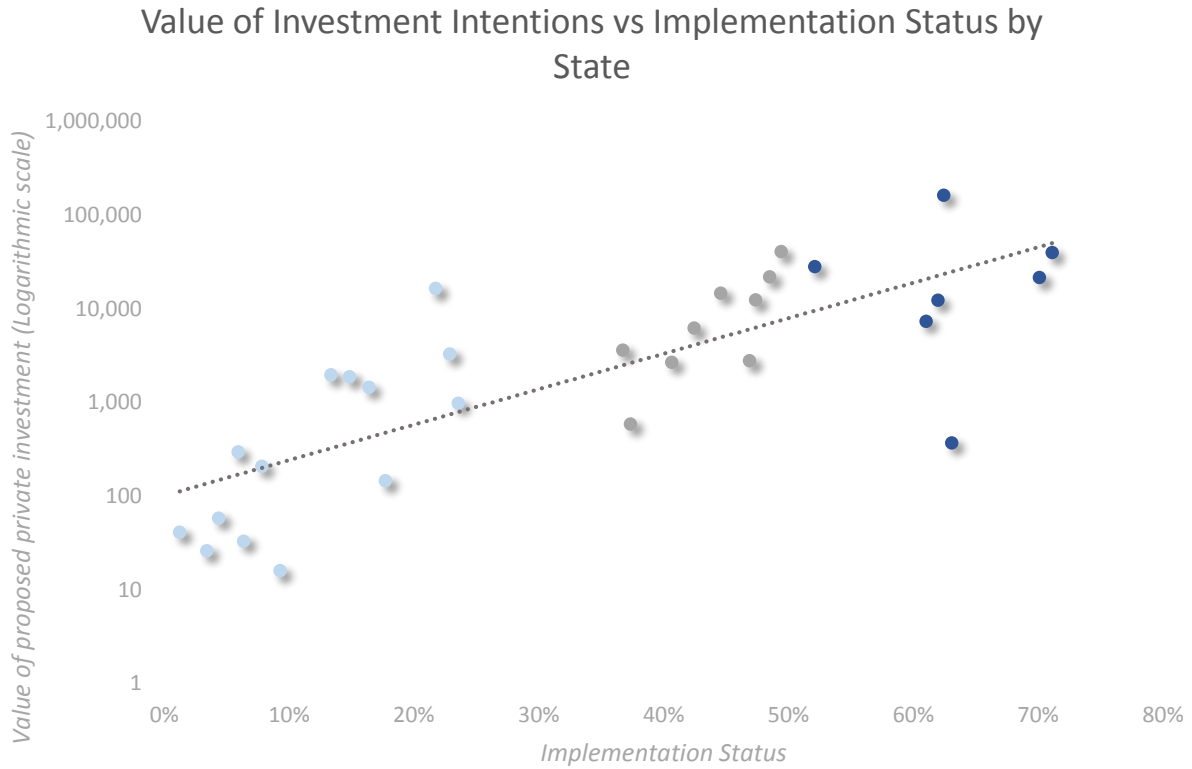
These graphs present some interesting implications:

- There is a weak negative correlation between per capita income and implementation status in a State (-0.17). This is represented by the downward-sloping trendline in the first graph. This may indicate that some States with lower per capita incomes recognize the need to attract increased investment in order to create jobs and generate incomes, and therefore are more willing to undertake reforms to attract investment.
- There is a strong positive correlation between implementation status and the number of investment intentions in the State (0.61), and a moderately positive correlation between the implementation status and the value of investment intentions (0.47). These are represented by the upward-sloping trendlines in the second and third graphs. Thus, in general, States which enjoy higher investment interest may tend to be more interested in implementing reforms.

It is important to note, however, that it is difficult to surmise a causal relationship between implementation of Action Plan reforms and increases in investment. This may because it is too early for reforms to translate into increased investment and increased incomes, since many Action Plan reforms have only been undertaken in the period March to June, 2015, and so it will take time for the reforms to be felt on the ground. In addition, gaps may exist between implementation on paper and implementation on the ground, or implementation may vary across firms or jurisdictions.

2.3.2 In which areas are the States reforming?

In this section, we examine the sub-areas in which most states have implemented reforms, as well as the specific parameters or questions of the assessment in which reforms have been recorded.

Generally, States have made good progress in terms of tax reforms. General tax reform includes mandating e-registration for VAT and CST; allowing online payment and returns filing of various State taxes; providing e-filing support through service centers and helplines; and risk-based tax compliance inspections. 29 States allow VAT to be paid online, and 28 States allow CST to be paid online. 30 States allow e-filing of VAT, 27 States allow e-filing of CST. 21 States have established helplines for users. 25 States have defined timelines for VAT registration, and 21 have defined timelines for CST registration.

Construction Permits and land allotment procedures take up the fourth and fifth spots respectively. 28 States have defined clear timelines for granting construction permits, and 19 States issue a single completion-cum-occupancy certificate. 16 States have identified clear timelines for change in land use approvals.

Top 10 sub-areas in which the states have implemented reforms

Sub-area	Count
Tax General	17
VAT Registration	16
CST Registration	16
Construction Permits	15
Land Allotment	14
Labour general	14
Infrastructure general	13
Environment general	12
Shops & Est registration	12
Building plan approval	11
Factory license reg	11
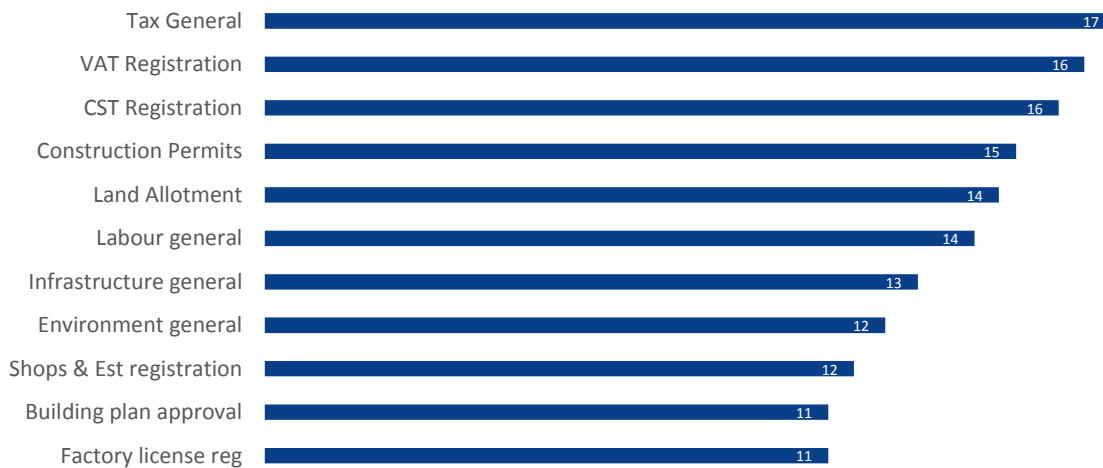
The specific parameters on which most States have implemented reforms are shown in the table below:

Top 10 specific reforms and the number of states in which they have been implemented

Reform	Number of states
e-Filing of VAT returns	30
Online VAT payment	29
Clear timeline for construction permit	28
Online CST payment	28
Online CST filing	27
Clear timeline for electricity connection	26
Defined timelines for building plan	25
Defined timeline for VAT registration	25
Legislation for single window	24
Dedicated single window	23
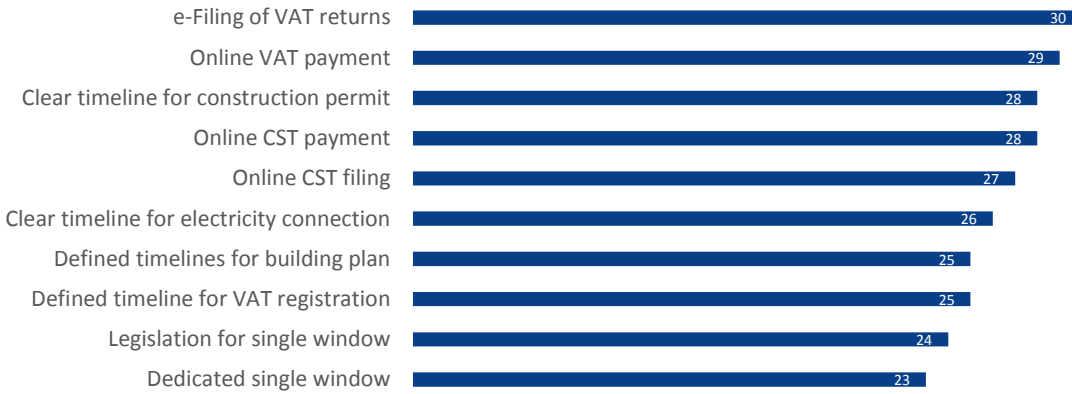
Once again, online filing and payment of VAT and CST seem to be popular reforms implemented in a vast majority of States. These are joined by clear timelines for building plan approval and construction permits, VAT registration and electricity connection. Finally, a majority of States have established dedicated single windows, backed by legislation or State notifications to establish and empower them.

2.3.3 Where are reforms still necessary?

In this section, we examine the sub-areas in which most states require further reforms, as well as the specific parameters or questions of the assessment in which reforms are missing.

Top 10 sub-areas in which states need to reform

Sub-area	Number
Electronic Courts	29
Tree felling Inspection	26
Paym of Gratuity Insp	26
Min Wages Inspection	26
Shops & Est Inspection	26
Payment of Wages Insp	26
Building plan inspection	26
Eq Remuneration Insp	25
Availability of Land	25
Payment of Bonus Insp	25
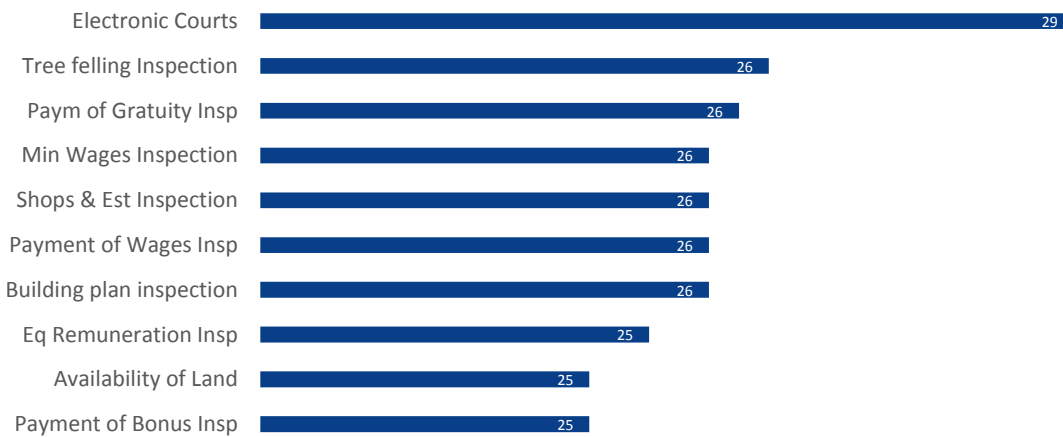
29 States are yet to begin implementing electronic courts, i.e. district courts which allow for e-filing of disputes, issuance of e-summons, online payments, e-cause lists and digitally signed court orders. On average, 26 States are yet to introduce reforms along a wide range of labour inspections under various acts, or on inspections related to building permits. 25 States on average lack online availability of information on land banks, and use of GIS systems to track industrial land parcels.

The graph below summarizes the specific parameters on which States have scored No the most.

Top 10 specific reforms that remain to be implemented, and the number of states in which implementation is needed

Reform	Number of states
Comprehensive checklist of all registrations	32
Customizable checklist of registrations based on business	32
Sub-registrar, land records and municipality data integrated	32
Surprise inspections only	32
e-Filing of commercial disputes	32
GIS system includes infrastructure details	31
Mutation integrated with registration	31
Downloadable and verifiable BOCW certificates	31
e-Summons for commecial disputes	31
Online payments at courts	31

No State has been able to demonstrate a fully comprehensive list of all licenses, NOCs and registrations required by a business to set up and operate, as a result of which no State allows entrepreneurs to filter the list by industry or number of employees to get a truly comprehensive sense of what his or her entire regulatory burden will entail. Similarly, no State has focused on integrating data at sub-registrar, municipality and land records offices comprehensively to provide a sense of conclusive title on each property. Mutation is also not integrated with registration in most States. On the inspections front, no State allows for all compliance inspections to be solely based on complaints with approval from the Head of Department. This implies that there is still a lot of scope for improvement in how inspections are administered in all States.

The next chapter delves into greater detail on each of the eight areas in this assessment.

3. Results by Area

3.1 Area 1: Setting Up a Business

The graph below summarizes the top 5 States in this area of the assessment. The dashed line indicates the national average (31.91%) on this area of the assessment.
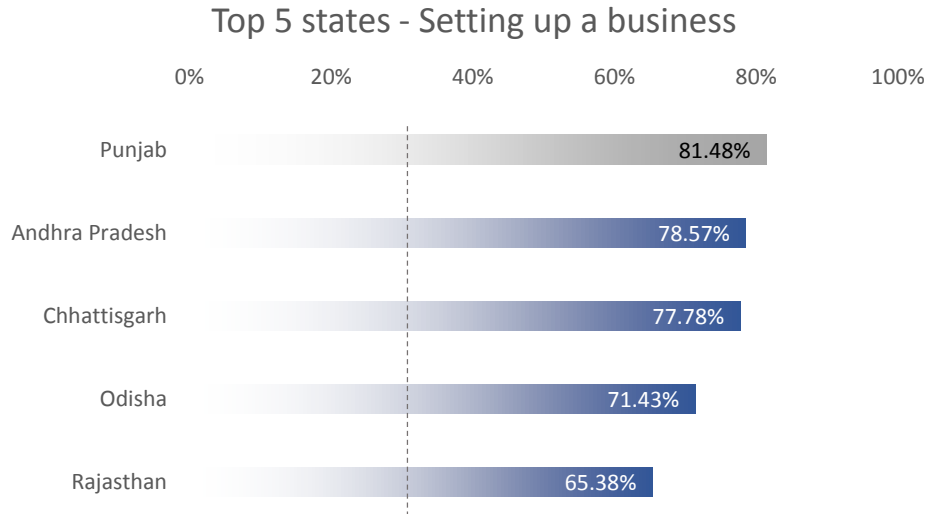
Top 5 states - Setting up a business

State	Value
Punjab	81.48%
Andhra Pradesh	78.57%
Chhattisgarh	77.78%
Odisha	71.43%
Rajasthan	65.38%

In order to understand what lies behind these numbers, we examine each of the parameters covered under this area individually below.

The rest of this section is structured as follows: first, we present the question or parameter assessed and the number of states that meet this parameter. Second, we explain why the parameter is important and what the intended goal is for each parameter. Finally, we take stock of the results, and, where possible, identify states that have performed exemplarily on the parameters.

3.1.1 Availability of information on regulatory compliance requirements

Q1: Does the State have a publicly available comprehensive checklist of all required No Objection Certificates (NOCs), licenses, registrations and other mandatory State approvals so that no other State approvals are required besides the ones indicated in the checklist to start a business?

Q2: Does the State have an online system where an investor can key in specific details (such as type of industry, number of employees, location etc.) and obtain information regarding all State approvals applicable to her/his business/industrial unit?

Investors and businesses often suffer from uncertainty about the exact regulatory requirements required to set up its operations. In addition to central registration and licensing, States often have a variety of "economy-wide" regulatory compliances; further, businesses in some industries may

also require number of industry-specific licenses. In order to ensure that all this information is readily available to an entrepreneur intending to set up a business, it is intended that:

- A comprehensive list of all required licenses, both economy-wide and industry-specific is compiled, covering at least the following areas: labor licensing, environmental clearances, State tax registration, electricity connections and construction permits, along with all industry-specific clearances;
- The checklist is checked effectively to ensure that no other State approval is required by consulting all licensing agencies;
- The checklist is made available to users on a State government website;
- In addition, an entrepreneur using the website for the purpose of understanding his or her regulatory burden is able to filter the list by industry to understand the unique mix of economy-wide and industry-specific licenses and registrations;
- It is also important that there are mechanisms in place to regularly update the checklist. The usefulness of such a checklist is diminished if it is not kept up-to-date. In fact, an outdated checklist can do more harm than good because it creates a false sense of security that all required permits have been obtained.

Such efforts can help ensure effective access to information for entrepreneurs, as well as provide regulatory certainty to ensure that they are aware of their exact compliance requirements. In addition, this information is critical to helping develop and implement a comprehensive single-window system and Common Application Forms (CAF).

None of the States have yet developed a comprehensive checklist of all registrations, licenses and NOCs required to set up their business. Many States have developed checklists, but they are not comprehensive in that some registrations, licenses and NOCs may be missing.

Q3: Does the State have a centralized help line number to facilitate queries regarding the application and approval process?

| 1 | 3 | 4 |

Jump Start Needed   Acceleration Required   Aspiring Leaders

Even with all information provided online, confusions may persist – in the absence of any other mechanism, an entrepreneur may choose to visit government offices to seek responses to their queries. This can increase the work load of the agencies, and deter officials from focusing on their core functions to respond to queries.

An effective centralized help line number can provide entrepreneurs with a means to seek responses to their queries effectively. Such a help line needs to have several important features to make it truly effective:

- The number should be published on the website where all the regulatory compliance requirements are posted. The State government may also choose to publicize the number through billboards, posters and other marketing material.
- The help desk should have clearly defined working hours, and all calls to the number should be answered within those operating hours.
- The help desk should have a ticket management system that helps track callers and questions, so that the effectiveness of the help desk can be gauged effectively. This ticket management system will also help government track trends in terms of effectiveness, by checking whether the entrepreneurs then go ahead and register the business. It also provides a good database of entrepreneurs who can then be surveyed post-registration to gauge their experience.
- The help desk operators should be sufficiently trained to be able to answer specific questions that may be common to most enquiries.

Only 8 States have thus far implemented centralized help lines that meet these criteria – of which 4 are from the 7 member Aspiring Leaders group.

3.1.2 Establishing an effective single window system

Q10: Is there a dedicated body/setup that acts as a single window system and functions as the sole point of contact for the purpose of setting up a business?

10	7	7
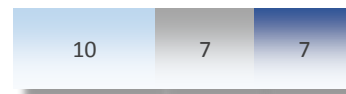
Q13: Has the single window system been set up through a legislation/ State notification?

9	8	7
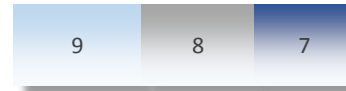
◼ Jump Start Needed   ◼ Acceleration Required   ◼ Aspiring Leaders

To be truly effective, a single window system requires a few key policy enablers:

- A single dedicated body or setup should be designated to act as a single window system. This body can be an existing State government body, e.g. the investment promotion agency or the Industries department, or can be a new entity that is established for the purpose of providing the single window service. In either case, the agency must be mandated to be a single point of contact for all business start-up licensing, so that entrepreneurs do not have to visit multiple agencies.
- In order to empower the body or setup to effectively carry out the function above, it must be given explicit mandate through a legislation or notification. The absence of

legislation may mean that the single window system is not effective at coordinating among the various agencies, thereby limiting its effectiveness.

A single window system exists in all 7 of the Aspiring Leader States, and it is backed by a legislation or notification in all of them. Other States are also catching up rapidly – 24 States have single window systems operational, all of which are notified by law.

Q14: Does the SWS provide clear timelines for issuing every approval being provided by it?

| 5 | 6 | 6 |
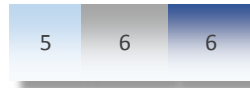
Q15: Does the SWS provide clear timelines for addressing investor grievances?

| 2 | 4 |

▪ Jump Start Needed   ▪ Acceleration Required   ▪ Aspiring Leaders

Q7: Does the State have defined punitive provisions that deter officials from not complying with the defined timelines for services being provided to Industries/Businesses?

| 5 | 6 | 5 |
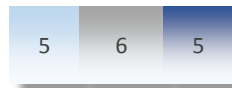
Q8: Does the State have a legislation (e.g. Right to Services Act) enacted to mandate time bound delivery of services to Industries/ Businesses?

| 4 | 5 | 5 |

▪ Jump Start Needed   ▪ Acceleration Required   ▪ Aspiring Leaders

- Once established, the single window system should establish and publicize through its website clear timelines for each service that it provides, so that entrepreneurs are aware of the time it takes to meet their regulatory compliance requirements.
- The single window should also indicate clear timelines that govern its processes for dealing with grievances related to the registration process. Such timelines provide additional certainty to entrepreneurs who wish to register their businesses. However, to be truly effective, these timelines should relate to fully resolving the grievances themselves – not just routing the grievance to other agencies or departments.
- In order to make the system truly effective, these timelines must be enforceable. This means that the State must have legislation that:

- o Mandates time-bound delivery of services to business, in line with the timelines published above; and
- o Lays out punitive measures against officials who do not abide with these timelines.

For the purposes of this assessment, we recommend that the legislation cover time-bound service delivery for at least any four of the following registration or licensing processes: Labor, Environment, Land Allotment, Construction Permits, Power/electricity connections and State taxes.

States seem to be struggling in this regard. Only Andhra Pradesh, Chhattisgarh and Uttar Pradesh have scored Yes on all 4 of these questions.

Does the Single Window System provide…

Question	Jump Start Needed	Acceleration Required	Aspiring Leaders
Q16: Consent to establish, Water & Air Acts	2	7	4
Q17: Consent to operate, Water & Air Acts	1	5	4
Q18: Authorization under Hazardous Waste Rules	1	5	4
Q19: Incentives under Industrial Policy	2	2	3
Q20: Registration under Shops & Establishment Act	2	4	
Q21: Permission for engaging contractor for labour	1	3	
Q22: Factories license		5	4
Q23: Factory building plan approval under Factories Act		5	4
Q24: Registration under Boiler Act		4	5
Q25: Change of land use		4	3
Q26: Approval of building plans		4	3
Q27: NOC from Fire Department	1	5	4
Q28: New electricity connection application	1	7	5

These questions aim to assess the services provided by the single window system. A truly comprehensive single window system should provide at least the economy-wide registration services listed in the graph above.

In addition, the single window system should also seek to provide services related to other State economy-wide and industry-specific registrations – although these are not considered within the scope of this assessment, the delivery of all services helps entrepreneurs effectively complete their regulatory compliance requirements with minimal hassle.

Remarkably, Punjab is the only State in which the single window system allows application for all of the licenses studied in this assessment, although some others come very close. The box below examines how Punjab has achieved this.

> **Case Study:** The Punjab Bureau of Investment Promotion has created a one-stop system for various State level regulatory and fiscal incentive approvals. The Bureau is headed by a CEO entrusted with the power to grant approvals. Officers from various regulatory departments are vested with the powers of their respective departments and work together as Bureau Member Officers. The Bureau processes applications received through the Invest Punjab website and keeps the investor in the loop regarding various project initiation stages.
>
> Andhra Pradesh has also implemented an effective online single window system with provision for filing, payment, status tracking, online scrutiny and approval of applications.

Q12: Does the single window system have a Common Application Form (CAF) through which an investor can apply for various clearances/ approvals?

| 2 | 8 | 6 |

Q11: Does the single window system have an online portal for filing, payment and approvals?

| 4 | 2 |

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

An important first step in an effective single window system is the formulation of a Common Application Form (CAF), which combines the applications for all services provided by the single window system. At the same time, a CAF streamlines the need for entrepreneurs to submit the same information multiple times to multiple agencies. A CAF is also important should the State wish to proceed with an online single window system. A CAF can also be used in the absence of a single window, provided it meets some basic criteria:

- The CAF should be easily accessible to entrepreneurs, either online or in hard copy.
- The State government should have legislation or notifications in place mandating the validity of the CAF and making it acceptable to all agencies covered as a means of application.

An effective single window system can also be placed online, so that entrepreneurs can apply for and receive their registrations in an efficient manner. An effective online single window should have the following features:

- Entrepreneurs should be able to fill out and submit the application form online;
- The user can pay all associated fees online;
- Once submitted, the applications are processed and approved by each licensing agency online, and not through a manual or hard copy process;
- The user can track the status of his applications online using the portal; and
- Once approved, the user can obtain the approval or registration certificate online through the portal.

It is important to note that the system referred to above is a single comprehensive system or portal that integrate all the services offered by the single window system. In other words, the single window system should not redirect users to other department's websites or systems to complete their applications.

While many States, including 6 of the 7 Aspiring Leaders, have implemented common application forms thus far, only a total of 6 States have converted their single window system into truly effective online portals. These States include Andhra Pradesh, Madhya Pradesh, Maharashtra, Punjab, Telangana and Uttar Pradesh.

3.1.3 Other policy enablers to facilitate business start-up

Q9: Does the State have a provision of online filing of EM Part I and Part II under The Micro, Small and Medium Enterprises Development Act, 2006?

| 6 | 8 | 7 |

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

Many States today have chosen to allow entrepreneurs to file their EM Parts I and II. An effective system for such filing should also have the following features:
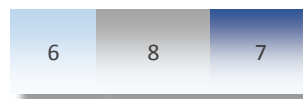
- Entrepreneurs should be able to fill out and submit the application form online;
- The user can pay all associated fees online;
- Once submitted, the applications are processed and approved by each licensing agency online, and not through a manual or hard copy process;
- The user can track the status of his applications online using the portal; and
- Once approved, the user can obtain the approval or registration certificate online through the portal.

21 out of 32 States have already enabled online filing of EM Parts I and II. This includes all 7 Aspiring Leaders and 8 out of 9 Acceleration Required States, along with 6 States in the Jump Start Needed category.

Q4: Does the State issue a single ID to business entities for the purpose of all State taxes?

1 2

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

Entrepreneurs are subject to various registrations for tax purposes at a State level, including VAT, CST, Entry tax, Entertainment tax, Luxury tax and Professional tax. A separate registration number for each makes it difficult on the part of the entrepreneur to remember and file; similarly, separate registration numbers make it difficult for tax authorities to develop risk profiles as they often do not have access to the full tax compliance history of a business. A single ID from the user perspective makes it easier to file taxes and also enables greater integration of tax payment and filing systems, thus reducing the cost on government to maintain multiple systems and databases.

Only 3 States – Odisha, Rajasthan and West Bengal – issue a single Tax ID to cover all State taxes.

Q6: Does the process for professional tax registration mandate that the registration certificate is issued within one (1) working day from the date of application?

2 3

Q5: Does the process for VAT registration mandate that the registration certificate (in case of non-sensitive goods) is issued within one (1) working day from the date of application?

3 3

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

The provision of VAT and professional tax registration certificates are often a prerequisite for businesses to open bank accounts and therefore truly begin operations. Therefore, delays in issuing these certificates may lead to delays in the business's establishment and operations, thereby reducing the ability of the business to get bank loans, employ workers and generate incomes. Providing these certificates in a timely manner may help reduce this burden significantly. However, should the State choose to do so, it is necessary to put in place this commitment through a written notification, and to ensure that any online systems for these registrations are equipped to allow this to happen in a timely manner.

Very few States have mandated that VAT and Professional Tax registrations are issued in a single day – although many States stated that this was the practice in reality, mandating this through a circular or notification gives entrepreneurs surety and peace of mind. Gujarat, Madhya Pradesh and West Bengal mandate the issuance of both registrations in a single day. Chhattisgarh, Delhi and Uttar Pradesh also mandate VAT registrations in a single day, but Professional Tax is not applicable in these States.

3.2 Area 2: Allotment of Land and Obtaining Construction Permits

The graph below summarizes the top 5 States in this area of the assessment. The dashed line indicates the national average (34.57%) on this area of the assessment.
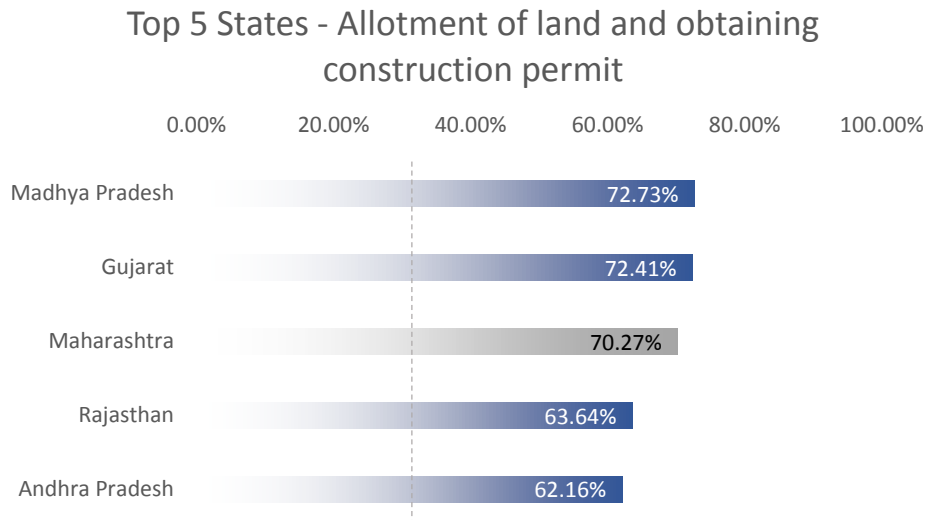
Top 5 States - Allotment of land and obtaining construction permit

State	Percentage
Madhya Pradesh	72.73%
Gujarat	72.41%
Maharashtra	70.27%
Rajasthan	63.64%
Andhra Pradesh	62.16%

In order to understand what lies behind these numbers, we examine each of the parameters covered under this area individually below.

The rest of this section is structured as follows: first, we present the question or parameter assessed and the number of states that meet this parameter. Second, we explain why the parameter is important and what the intended goal is for each parameter. Finally, we take stock of the results, and, where possible, identify states that have performed exemplarily on the parameters.

3.2.1 Availability of land

Q29: Does the State have land banks available for industrial use?

6	8	6
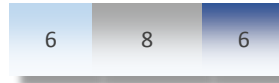
Q30: Does the State have a framework to earmark land parcels with the kind of industry that can be setup on such land?

2	4

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

Numerous studies cite access to land as a constraint faced by business in India, and the first step in solving this problem is to ensure access to information on the availability of land for business.

Many States have already established land banks – parcels of government-owned land available for industrial use, which may or may not be organized as industrial estates – to provide serviced land to investors – however, this information 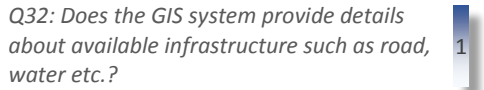is often not publicly available. A necessary step would be to first list the number of land banks available in the State for industrial use, along with their respective areas. The list should be as comprehensive as possible, and should cover all the available land banks in the State. Second, this information should be made available online on an appropriate website – it can even be an informational service provided by the single window.

Second, to ensure more effective investor enquiry, it would be useful to allow users to filter the data on land banks that is on the website by the type of industry that is permitted to be established on the land. This will allow entrepreneurs to more accurately target their inquiries to land banks that support their intended business.

20 States have comprehensive details of land banks available. However, only Andhra Pradesh, Delhi, Gujarat, Madhya Pradesh, Odisha and Tamil Nadu score positively on both parameters above.

Q31: Does the State have a GIS system providing details about the land earmarked for industrial use?

11

Q32: Does the GIS system provide details about available infrastructure such as road, water etc.?

1
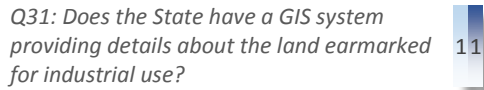
Jump Start Needed   Acceleration Required   Aspiring Leaders

Providing such information on industrial land availability can also be evolved into a more modern system by using GIS maps. Such systems allow for a multitude of layers to be place upon geospatial maps to better understand the quality of the land available. From an infrastructure perspective, the GIS system can provide information and details on road infrastructure, water pipelines, sewerage systems, electricity connections and gas pipelines that are available or accessible to each plot of land. This information should be as comprehensive as possible, covering all the land banks in the State as defined in Question 29.

Gujarat is the only State that scores positively on both criteria above. Their GIS data is available publicly through a software download that provides detailed layered information on infrastructure availability across the entire State.

3.2.2 Land allotment

Q33: Are the criteria for evaluating an application for land allotment defined in a manner that allows objective assessment of the application?

3   6   4

Q34: Are clear timelines defined for processing of application for land allotment (from the date of application)?

3   6   5
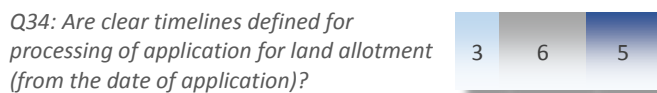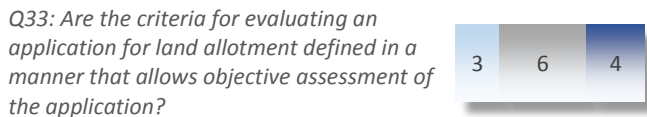
Jump Start Needed   Acceleration Required   Aspiring Leaders

Once an entrepreneur has identified a plot of land which meets the requirements of his intended venture, he requires clarity on how he can access the land itself. Different States follow different

principles in terms of allocating land: some use a first-come, first-serve model, while others use an objective-weighted criteria in evaluating investment proposals. Each State should however define the criteria used in defining land allocation clearly through a notification or legislation, and make this information available online. Simultaneously, providing clarity on the timelines involved in deciding on applications will also enable entrepreneurs to plan effectively in terms of making investment decisions. This information should be notified through a notification or circular, and published in the public domain so that entrepreneurs are aware.

Andhra Pradesh, Chhattisgarh, Goa, Haryana, Kerala, Madhya Pradesh, Maharashtra, Odisha, Rajasthan and Tamil Nadu score positively on both parameters above.

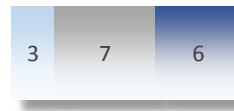*Q35: Are clear timelines defined for processing of application for conversation of land/change in land use?*

3	7	6

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

Similarly, providing clear timelines for processing applications related to conversion of land use can help investors plan their land purchase decisions effectively. This information should be notified through a notification or circular, and published in the public domain so that entrepreneurs are aware. Sixteen States have notified clear timelines for change in land use processing.

3.2.3 Construction permits

Q36: Are clear timelines defined for processing of application for obtaining construction permit?

12	9	7
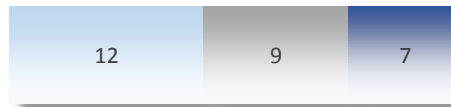
■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

Providing clear timelines for processing applications related to construction permit approval can help investors plan their construction effectively. This information should be notified through a notification or circular, and published in the public domain so that entrepreneurs are aware. If construction permits are integrated into the single window system, this information can be posted on the portal itself. 28 States and UTs have defined clear timelines for construction permitting.

Q37: Does the State have a provision for the building plan to be assessed using online mechanisms such as uploading and verifying the building plan using Auto CAD (or similar) software?

1 4 3

Q38: Does the State mandate conducting of a single joint site inspection by various government authorities responsible for granting construction permits?

2 2 2

▪ Jump Start Needed   ▪ Acceleration Required   ▪ Aspiring Leaders

Allowing applicants to upload building plans as part of their online application is but the first step in automated construction permit approval. Technology has today evolved to the point where a lot of the processing and review of building plans can also be processed using software. In particular, CAD systems can be developed that automatically scan building plans and monitor compliance with the building bye-laws and building codes in force. Such automated systems greatly increase efficiency by allowing computer verification, and simultaneously reduce the risk of human error in the review of the plans. This requires a system that allows applicants to upload building plans – these tend to be very large files, so the system should also include adequate storage space. Second, the municipal corporation should incorporate the filters and restrictions into the CAD software on the server end so that they are automatically reviewed for compliance against the building code.

Similarly, for many large buildings, a variety of government agencies are involved in inspecting and clearing the construction, at all stages of the construction process. Integrating the multiple inspections into a single joint inspection through an Act, notification or rule can help integrate the various inspection requirements into a single comprehensive checklist, which allows for a single clearance for compliant buildings, or for the development of a comprehensive corrective plan of action if violations are detected.

AutoCAD based online verification of building plans is currently practiced in Chhattisgarh, Delhi, Gujarat, Karnataka, Kerala, Madhya Pradesh, Tamil Nadu and West Bengal. Single or joint inspections are the norm in Arunachal Pradesh, Goa, Jharkhand, Madhya Pradesh, Maharashtra and West Bengal.

Q39: Has the State made the zonal plans online for easy information availability to assist applicants in developing building plans?

1 3 3

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

This question assumes that updated and legally recognized land use plans are in place. Easy access to zonal plans allows builders and architects to easily understand what buildings are allowed on a given piece of land. This question examines the extent to which States make zonal plans public on their websites. The intended objective is to have full coverage of the entire State as applicable. Zonal plans covering 100% of ULBs are available online for Andhra Pradesh, Chandigarh, Delhi, Gujarat, Maharashtra, Rajasthan and Tamil Nadu.

Q40: Does the State have a provision that allows applicant to not seek a certificate of no tax due prior to filling an application for obtaining construction permit?

7   8   6
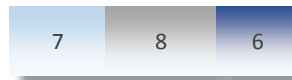
Q41: Does the State have a provision that does not require notarized affidavit/undertaking for building material to not be stacked on public land prior to applying for construction permit?

4   8   6

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

The objective of these questions is to spur streamlining of the documentary requirements imposed on construction permit applicants. The certificate of no tax due is an additional burden imposed especially in cases where the municipal corporation is the same authority as the one who administers property tax – in theory, therefore, the data should already be available with the municipal corporation. Similarly, prohibitions on stacking materials on public land, if required, should not require a separate affidavit but rather should be built in to the terms and conditions of the construction permit, or made explicit in the building bye-laws.

For the purpose of this assessment, we have studied the documentary requirements for a construction permit to identify cases where such documents are still required. 21 States do not require a certificate of no tax due, and 18 States do not require an affidavit that States that building material will not be stacked on public land.

Q42: Does the State allow approval based on third party certification (during construction and/or completion stage, as applicable) of structural design and architectural drawings by authorized structural engineers and…

| 3 | 7 | 4 |
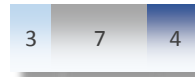
Q43: If the answer to the above question is 'Yes', are there appropriate mechanisms to levy penalty in case of violation of certification procedures?

| 1 | 6 | 4 |
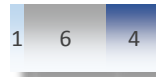
■ Jump Start Needed ■ Acceleration Required ■ Aspiring Leaders

As has been explored earlier, third-party certification reduces the burden on the inspectors and the technical staff at the municipality by allowing experts in this field to certify the building plans on the basis of the original plans. This self-certification can greatly assist municipalities in streamlining their work, and also reduces the need to maintain a large technical staff who is skilled in structural design. Establishing a mechanism involves notifying the new procedure as well as putting in place the necessary systems to empanel qualified architects and engineers.

However, a building poses significant risks to public health and safety, and therefore, the liability of the parties must be clearly established. As a result, mechanisms that penalize violations by the third party certifier – e.g. disbarment, revocation of credentials, initiation of legal proceedings etc. – must also be clearly defined when establishing a self-certification mechanism.

11 States have construction permitting processes that fulfill both criteria above – Andhra Pradesh, Bihar, Delhi, Gujarat, Haryana, Madhya Pradesh, Maharashtra, Odisha, Punjab, Tamil Nadu and Telangana.

Q44: Is there a single completion-cum-occupancy certificate instead of separate completion and occupancy certificates?

| 7 | 7 | 5 |
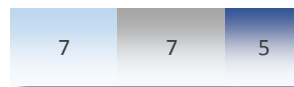
■ Jump Start Needed ■ Acceleration Required ■ Aspiring Leaders

A single completion and occupancy certificate greatly simplifies the post-construction process for entrepreneurs. Instead of requiring two separate certificates – and often two separate inspections – this single certificate provides the municipal corporation's acceptance that the building was built as permitted, as well as authorizes the builder to allow its occupants to occupy the premises. The single certificate also reduces the burden on the municipal corporation staff, by allowing them to focus their energy on a single certificate and inspection. 19 States currently offer a single completion-cum-occupancy certificate.

The next 3 sets of questions are about specific licensing, registration or approval processes involved in obtaining building permits. Each of the processes envisions an ideal system that includes the following criteria:

- The detailed procedure covering all applicable steps, from application submission to application approval, is published online on department's website. It may be supplemented with process maps if available; in any case, the details should be published explicitly and should not refer to Acts or rules.
- A comprehensive list of the documents that need to be submitted as part of the application is included on the website.
- Clear timelines are notified, either on the portal, or through a notification and citizen charter.
- The application can be made online, through a portal with the following features:

  - Entrepreneurs should be able to fill out and submit the application form online;
  - The user can pay all associated fees online;
  - Once submitted, the applications are processed and approved by each licensing agency online, and not through a manual or hard copy process;
  - The user can track the status of his applications online using the portal; and
  - Once approved, the user can obtain the approval or registration certificate online through the portal.

- There are no physical touch-points in the application process. This means that entrepreneurs are not required to physically present and submit all documents for verification before the certificate is issued. Instead, entrepreneurs can use digital signature certificates to submit their documents through the online system.
- Once approval is obtained, the signed certificate – either digitally signed or signed manually and scanned – should be made available for download from the website by the user.
- Other users should be able to check the authenticity of the document online, using the certificate number or other unique reference, by visiting the portal.

3.2.3.1 Approval of building plan (prior to commencement of construction activities)

Q54: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site? 4 3 3

Q55: Are the clear timelines defined for approval of application? 10 9 6

Q56: Is there a provision for online application and payment without the need for a physical touch point? 2 4

Q57: Is the approval certificate issued in an online format which is downloadable and verifiable? 3

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

Andhra Pradesh and Madhya Pradesh are the only States where the building plan approval process features all four of the parameters studied above. Gujarat and Maharashtra also feature robust processes, but both lack downloadable and verifiable certificates.

3.2.3.2 NOC from traffic & coordination department/relevant traffic authority (prior to commencement of construction activities)

Q58: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site? 2

Q59: Are the clear timelines defined for approval of application? 1

Q60: Is there a provision for online application and payment without the need for a physical touch point? 1

Q61: Is the approval certificate issued in an online format which is downloadable and verifiable?

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

This NOC is only required in 7 States and UTs. Of these, Maharashtra has the most advanced process, although it lacks a downloadable and verifiable certificate.

3.2.3.3 NOC for felling trees from Tree Authority/Appropriate Authority (prior to commencement of construction activities)

Q62: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site?   5   1

Q63: Are the clear timelines defined for approval of application?   1   5   4

Q64: Is there a provision for online application and payment without the need for a physical touch point?   1

Q65: Is the approval certificate issued in an online format which is downloadable and verifiable?

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

No State demonstrates a process that scores positively on all four criteria. Only Andhra Pradesh offers a fully online application process.

3.2.4 Property Registration

Q45: Does the State have a model sale deed format for property registration that is made available on the department's website?   3   8   7

Q46: Can property registration application be completed online?   2   4

Q47: Can payment for property registration be made online?   2   4

Q48: Are e-Stamping facilities available across the sub registrar offices in the State for the purpose of property registration?   3   6   5

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

A number of options exist for States to introduce increased automation to the property registration process:

- At the most basic level, States can develop and publish on their respective websites templates for sales deeds and other frequently registered documents. Users can use these templates to easily draft new agreements and deeds.
- Systems can be introduced that allow users to conduct the property registration process online. This can reduce the burden of manual processes and increase efficiency and transparency.
- Stamp duties involved in property registration can also be paid online, through the integration of a payment gateway with the online property registration system.
- E-stamping facilities are an efficient mechanism to replace manual stamps. Efficient e-stamping facilities allow later retrieval and validation of registered deeds, while simultaneously giving users a secure option to replace the old system of stamp papers. An efficient online property registration will also require e-Stamps to be fully online.

18 States have introduced model sale deeds, and 14 have introduced e-stamping. However, only five allow online property registration application and payment – Andhra Pradesh, Jharkhand, Madhya Pradesh, Maharashtra, Rajasthan and West Bengal.

Q49: Are land records digitized at the sub-registrar's office?

| 7 | 7 |

Q50: Are land records digitized at the land records office?

| 6 | 6 |

Q51: Are land records digitized at the local municipality office?

| 11 |

Q52: Is the data at sub-registrar's office, land records office and local municipality office integrated to facilitate property wise mapping of transactions?

▪ Jump Start Needed   ▪ Acceleration Required   ▪ Aspiring Leaders

Digitized land records can be beneficial in increasing the efficiency and effectiveness of many of the agencies involved in property registration and maintenance:

- Digitized land records at the sub-registrar makes it possible for the sub-registrar to easily verify land ownership when new transactions are initiated on the land. In addition, it allows prospective land-buyers with a single point of contact to determine land ownership by checking the required historical documentation.
- Digitized land records at the land records office can help a State move towards conclusive title by ensuring that the requisite information on ownership is available

when issuing Property Cards to citizens, and for pre-mutation verification of land transactions.

- Digitized land records at the local municipality office can help effectively target property taxes to the correct owners, as well as conducting verifications to ensure that all property taxes are paid upon submission of construction permit applications (please refer to question 40). Digital land records may also help in the implementation of large-scale infrastructure projects that require payment of compensation for those whose lands have been possessed. Often such projects are delayed because spurious compensation claims arise

It is assumed here that a good cadastral survey has been done that establishes true ownership of land; otherwise, digitization may have a perverse impact by further strengthening non-genuine ownership.

It should be noted that the ideal solution is a single database that allows real-time access from all three agencies and also allows the agencies to update the relevant data. This reduces the burden posed by digitizing records by slashing the costs of maintaining three separate systems and databases. The systems at all three agencies should be integrated in a manner that allows all transactions for a given piece of land to be captured adequately, thus providing the government as well as potential buyers with a clear indication of land ownership and encumbrances.

Integration of the three databases is still not prevalent in India. However, sub-registrar offices are rapidly digitizing, followed closely by land records offices. Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Haryana, Madhya Pradesh, Orissa, Tamil Nadu, Telangana and West Bengal have digitized both offices. However, municipal digitization is lagging behind, as is database integration. In Maharashtra and Rajasthan, all three offices are digitized – however, no State features a truly integrated property database.

Q53: Is the mutation process integrated with the registration process through automatic update of land and municipal records during property registration?

Advanced automation approaches already under development in India involve integration between registration at the sub-registrar office and mutation at the land records office. This integration includes not only the data-sharing above, but also focuses on process integration. This allows newly registered deeds for property sales to automatically begin the mutation process, and links

Case Study: Madhya Pradesh and Gujarat have published details on the available land banks in the state. The availability is supplemented with detailed land allotment procedures. Gujarat has also implemented a robust GIS system providing details with regards land earmarked for industrial use.

In Rajasthan, no separate construction permission is required in RIICO industrial area for plot sizes 40k sq. mt.

officers in the field to the central system to speed up mandatory notice posting and other functions. This also reduces the number of interfaces between the user and the State government and thus promotes greater transparency. Currently, no State has fully integrated mutation with property registration processes.

3.3 Area 3: Complying with environment procedures

The graph below summarizes the top 5 States in this area of the assessment. The dashed line indicates the national average (31.61%) on this area of the assessment.
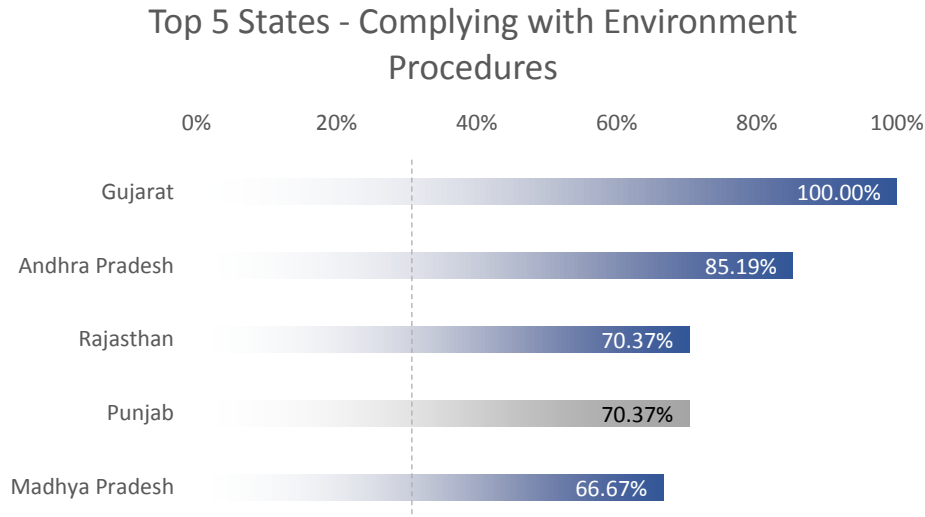
Top 5 States - Complying with Environment Procedures

State	Score
Gujarat	100.00%
Andhra Pradesh	85.19%
Rajasthan	70.37%
Punjab	70.37%
Madhya Pradesh	66.67%

In order to understand what lies behind these numbers, we examine each of the parameters covered under this area individually below. The case study on Gujarat's XGN consent management system at the end of this section provides an insight into how the State achieved a 100% score on this area of the assessment.

The rest of this section is structured as follows: first, we present the question or parameter assessed and the number of states that meet this parameter. Second, we explain why the parameter is important and what the intended goal is for each parameter. Finally, we take stock of the results, and, where possible, identify states that have performed exemplarily on the parameters.

3.3.1 Policy enablers

Q66: Does the State differentiate inspection requirements as per industry categorization (Red, Amber, and Green), with Green industries not requiring any environmental inspection?

| 1 | 6 | 5 |
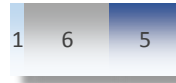
Q67: Are there select type of green industries for which no pollution control board clearances are required?

| 4 | 6 | 6 |
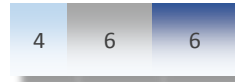
■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

The simplest approach to reducing the regulatory burden on business from environmental procedures and licensing is to introduce different inspection regimes for different categories of pollution. For green industries, the State can do away with mandatory inspections and replace them with need-based inspections which are only invoked in case there are specific complaints (please refer to Question 215 in Chapter 7 for a detailed discussion). The inspection regime for amber and red industries should also be differentiated, with less frequent inspections for Amber and more frequent inspections for Red industries and firms. Implementing this differentiated inspection regime will require a clear notification that outlines the process for each type of industry, and also mandates the frequency of inspections for Amber and Red industries.

A more advanced approach on Green Industries is to collate a list of industry types where pollution control board clearances are eradicated altogether. This list will have to be mandated through legislation or notification, and made available publicly.

12 States and Union Territories differentiate their inspection requirements by category of industry.. All Aspiring Leaders except Odisha exempt green industries from Pollution Control Board clearance prior to business startup. States such as Punjab, Maharashtra, West Bengal, Uttar Pradesh and Telangana also offer this facility for green industries.

Q68: Does the State have an online consent management system/portal for environment/pollution related approvals?

6	8	7
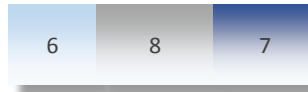
Q69: Does the online consent management system provide functionality for fee calculation and online payment of fees?

6	5
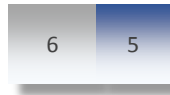
■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

States may also choose to implement more advanced automated solutions to deal with environmental and pollution related applications and approvals. These services can be offered through the single window system as well, but should be implemented for all types of industries. The system should have the same features as discussed in earlier sections. An added feature that assists in increasing access to information is to provide a mechanism that allows entrepreneurs to calculate the fees required for their specific industry. The fee calculator should integrate all environmental mechanisms, and should be accessible without logging in to the system. Finally, the application system should also be integrated with a payment gateway to allow applicants to pay immediately upon submission of the application.

It should be noted that the system that is designed is not just for applications, but is also used by the pollution control board to issue approvals, assign inspectors where necessary, and capture all related data and inspection reports as required.

Nearly two-thirds of the States assessed have an online consent management system for granting environment/pollution related approvals and online fee calculator, including all seven Aspiring Leaders. However, Chhattisgarh and Odisha do not currently have payment gateways for payment of fees.

Q70: Are pollution control certificates not a pre-requisite for obtaining electricity connection?

4	5	4
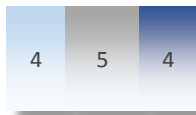
■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

The requirement of submitting pollution control board consents to obtain electricity connections means that entrepreneurs must wait for the consents before they can apply for electricity

connections. This further means that establishment of businesses takes a significant amount of time. Instead, electricity providers should be allowed to begin processing connection applications simultaneously. The distribution company can easily check if the applicant has received or applied for pollution permits by accessing the online register of consents (please refer to Question 71).

13 States and Union Territories do not require applicants for electricity connections to submit a pollution control certificate.

Q71: Do the compliance requirements mandate maintaining of an online register (and not a physical register) for various environment/pollution related acts?

| 1 | 2 | 7 |

Jump Start Needed   Acceleration Required   Aspiring Leaders

An online register of consents provides greater transparency on the grant and refusal of consents by the State pollution control boards. Interested parties can use this online register to search for clearances, refusals and expiry, thereby enabling greater access to information on compliance with environmental laws. All seven Aspiring Leaders currently maintain online registers, along with Chandigarh and Delhi.

Q72: Is there a provision for auto-renewal of Consent to Establish (under Water Act, 1974 and Air Act, 1981) based on self-certification/third party certification?

| 1 | 5 |

Q73: Is there a provision for auto-renewal of Consent to Operate (under Water Act, 1974 and Air Act, 1981) based on self-certification/third party certification?

| 2 | 4 |

Q74: Is the Consent to Operate provided for a period of 5 years or more?

| 2 | 6 | 6 |
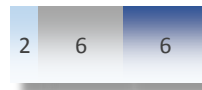
Jump Start Needed   Acceleration Required   Aspiring Leaders

Separate processes to renew Consents to Establish and Operate annually impose costs upon both the State government as well on entrepreneurs. For State governments, annual renewals imply repeated paperwork, inspection and costs associated with recruiting and maintaining sufficient

manpower to carry out the annual checks and reregistration. However, in many cases, there are no changes in pollution levels or activities – therefore, the exercise is only repeated annually, thereby imposing repeated costs on the department and the entrepreneur.

One option to remove this cost is to issue Consents to Operate for longer durations, especially in the case of Green and up to Orange industries, subject to there being no changes in pollution levels or activities, in the case of which reregistration will be mandatory. State resources can then be geared toward auditing randomly to ensure compliance with the terms of the certificate. Alternately, the State can mandate auto-renewal of the Consents subject to self- or third-party certification that there are no changes in pollution levels or activities. This will require the issuance of a notification in this regard, as well as systems to process the submission of auto-renewal filings.

If the State wishes to pursue third-party certification instead of self-certification, the State must not only issue a notification, but also lay out criteria for accreditation and empanelment of third-party service providers, as well as clearly lay out that, in the event of misrepresentation, the liability falls equally upon the entrepreneur and the certifying authority.

Currently, only Gujarat, Rajasthan and Odisha offer all three facilities simultaneously: they allow for auto renewal for both environmental Consents on the basis of self- or third-party certification, and their Consents to Operate are valid for 5 or more years. Andhra Pradesh allows for auto-renewal, but does not offer extended validity. West Bengal and Madhya Pradesh allow for auto-renewal of CTEs only.

3.3.2 Specific environmental permissions

The next 6 sets of questions are about specific licensing, registration or approval processes involved in obtaining environmental permissions. Each of the processes envisions an ideal system that includes the following criteria:

- The detailed procedure covering all applicable steps, from application submission to application approval, is published online on department's website. It may be supplemented with process maps if available; in any case, the details should be published explicitly and should not refer to Acts or rules.
- A comprehensive list of the documents that need to be submitted as part of the application is included on the website.
- Clear timelines are notified, either on the portal, or through a notification and citizen charter. A timeline for each process has been notified in the Central Acts and Rules, and is therefore considered as Not Applicable for all States.
- The application can be made online, through a portal with the following features:

    o Entrepreneurs should be able to fill out and submit the application form online;
    o The user can pay all associated fees online;
    o Once submitted, the applications are processed and approved by each licensing agency online, and not through a manual or hard copy process;
    o The user can track the status of his applications online using the portal; and

- o Once approved, the user can obtain the approval or registration certificate online through the portal.
- There are no physical touch-points in the application process. This means that entrepreneurs are not required to physically present and submit all documents for verification before the certificate is issued. Instead, entrepreneurs can use digital signature certificates to submit their documents through the online system.
- Once approval is obtained, the signed certificate – either digitally signed or signed manually and scanned – should be made available for download from the website by the user.
- Other users should be able to check the authenticity of the document online, using the certificate number or other unique reference, by visiting the portal.

3.3.2.1 Consent to Establish under Water (Prevention and Control of Pollution) Act, 1974

Q75: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site? — 5 | 4 | 5
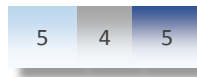
Q77: Is there a provision for online application and payment without the need for a physical touch point? — 5 | 5

Q78: Is the approval certificate issued in an online format which is downloadable and verifiable? — 2 | 4

■ Jump Start Needed ■ Acceleration Required ■ Aspiring Leaders

14 States have published detailed information on the process, documentation and checklists for applications for CTEs under the Water Act. Andhra Pradesh and Gujarat's Consent Management Systems demonstrate all three criteria above. Chhattisgarh and Maharashtra's systems are currently not fully online, but demonstrate the other two parameters. Madhya Pradesh and Punjab offer robust online solutions with downloadable and verifiable certificates, but lack sufficient information on the procedure. Finally, Haryana, Rajasthan and Uttar Pradesh offer robust online systems with sufficient information, but lack the facility to download and verify certificates.

3.3.2.2 Consent to Establish under Air (Prevention and Control of Pollution) Act, 1981

Q79: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site?
4 | 5 | 5

Q81: Is there a provision for online application and payment without the need for a physical touch point?
5 | 5

Q82: Is the approval certificate issued in an online format which is downloadable and verifiable?
2 | 4

◼ Jump Start Needed ◼ Acceleration Required ◼ Aspiring Leaders

14 States have published detailed information on the process, documentation and checklists for applications for CTEs under the Air Act. Andhra Pradesh, Gujarat and Punjab's Consent Management Systems demonstrate all three criteria above. Chhattisgarh and Maharashtra's systems are currently not fully online, but demonstrate the other two parameters. Madhya Pradesh offers a robust online solution with downloadable and verifiable certificates, but lacks sufficient information on the procedure. Finally, Haryana, Rajasthan and Uttar Pradesh offer robust online systems with sufficient information, but lack the facility to download and verify certificates.

3.3.2.3 Authorization under Hazardous Waste (Management and Handling) Rules, 1989

Q83: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site?
3 | 6 | 4

Q85: Is there a provision for online application and payment without the need for a physical touch point?
4 | 5

Q86: Is the approval certificate issued in an online format which is downloadable and verifiable?
2 | 3

◼ Jump Start Needed ◼ Acceleration Required ◼ Aspiring Leaders

14 States have published detailed information on the process, documentation and checklists for applications for Hazardous Waste authorizations. Again, Andhra Pradesh, Gujarat and Punjab's Consent Management Systems demonstrate all three criteria above. Maharashtra's system is currently not fully online, but demonstrates the other two parameters. Madhya Pradesh offers a robust online solution with downloadable and verifiable certificates, but lacks sufficient information on the procedure. Finally, Haryana, Rajasthan and Uttar Pradesh offer robust online systems with sufficient information, but lack the facility to download and verify certificates.

3.3.2.4 Authorization under Municipal Solid Wastes (Management & Handling) Rules, 2000

Q87: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site?
2 4 4
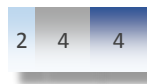
Q89: Is there a provision for online application and payment without the need for a physical touch point?
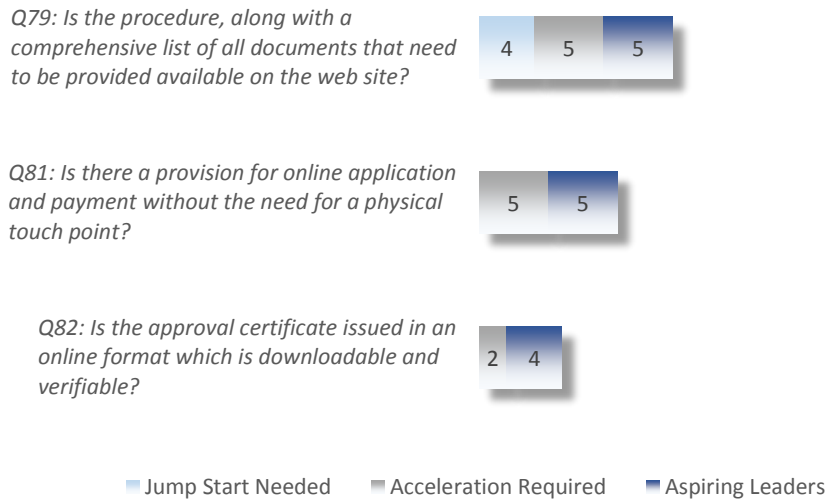1 2

Q90: Is the approval certificate issued in an online format which is downloadable and verifiable?
1 1

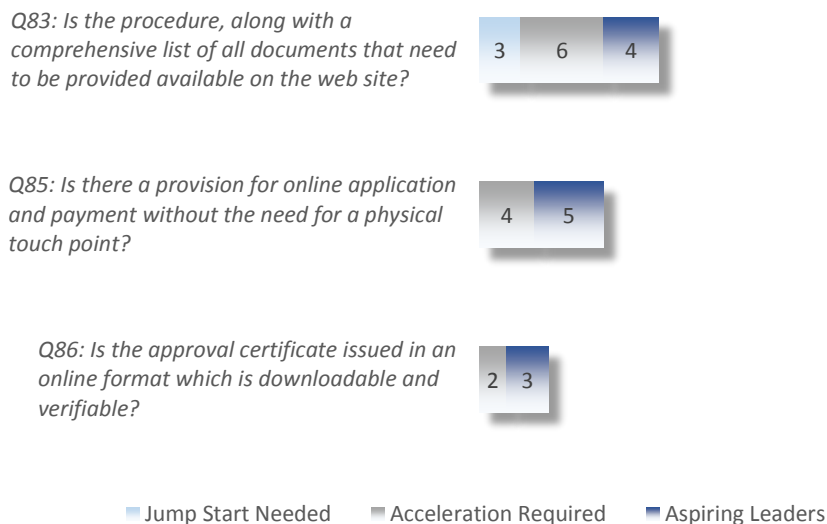■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

Only 10 States have published detailed information on the process, documentation and checklists for applications for Municipal Solid Waste authorizations. Gujarat is the only State with a Consent Management System that demonstrates all three criteria above. Maharashtra's system is currently not fully online, but demonstrates the other two parameters. Tamil Nadu's system is online and provides sufficient information, but does not allow for downloadable and verifiable certificates.

3.3.2.5 Consent to Operate under Water (Prevention and Control of Pollution) Act, 1974

Q91: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site? | 4 | 5 | 5 |

Q93: Is there a provision for online application and payment without the need for a physical touch point? | 5 | 5 |

Q94: Is the approval certificate issued in an online format which is downloadable and verifiable? | 2 | 5 |

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

14 States have published detailed information on the process, documentation and checklists for applications for CTOs under the Water Act. Andhra Pradesh, Gujarat and Punjab's Consent Management Systems demonstrate all three criteria above. Chhattisgarh, Maharashtra and Odisha's systems are currently not fully online, but demonstrate the other two parameters. Madhya Pradesh offers a robust online solution with downloadable and verifiable certificates, but lacks sufficient information on the procedure. Finally, Haryana, Rajasthan and Uttar Pradesh offer robust online systems with sufficient information, but lack the facility to download and verify certificates.

Case Study: Gujarat Pollution Control Board (GPCB) adopted a web based application called eXtended Green Node (XGN) to provide an IT solution for effective implementation of various pollution control board clearances/procedures. XGN provides hassle free, 24 X 7 anywhere e-access to businesses to apply online, track application approvals, file returns and statements and getting online permissions under various Acts and rules. obtain the online permissions from GPCB. The functionality is available on mobile platform as well. The system also provides e-payment facilities through RTGS, as well as allows inspectors to be allocated online. All important data, permissions, legal documents etc. can remain in the soft form in the database and can be retrieved by the industry whenever needed.

3.3.2.6 Consent to Operate under Air (Prevention and Control of Pollution) Act, 1981

Q95: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site?

| 4 | 5 | 5 |

Q97: Is there a provision for online application and payment without the need for a physical touch point?

| 5 | 5 |

Q98: Is the approval certificate issued in an online format which is downloadable and verifiable?

| 2 | 5 |

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

14 States have published detailed information on the process, documentation and checklists for applications for CTOs under the Air Act. Andhra Pradesh, Gujarat and Punjab's Consent Management Systems demonstrate all three criteria above. Chhattisgarh, Maharashtra and Odisha's systems are currently not fully online, but demonstrate the other two parameters. Madhya Pradesh offers a robust online solution with downloadable and verifiable certificates, but lacks sufficient information on the procedure. Finally, Haryana, Rajasthan and Uttar Pradesh offer robust online systems with sufficient information, but lack the facility to download and verify certificates.

3.4 Area 4: Complying with labour regulations

The graph below summarizes the top 5 States in this area of the assessment. The dashed line indicates the national average (33.81%) on this area of the assessment.
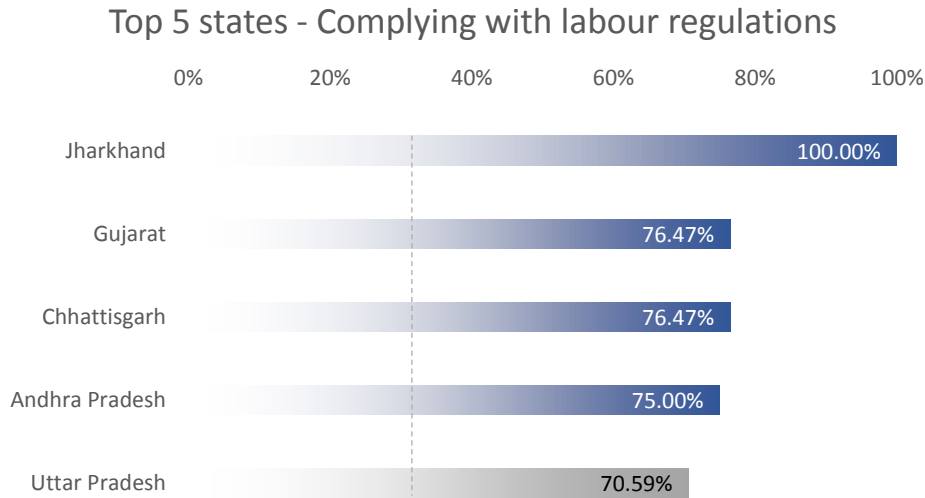
Top 5 states - Complying with labour regulations

State	Percentage
Jharkhand	100.00%
Gujarat	76.47%
Chhattisgarh	76.47%
Andhra Pradesh	75.00%
Uttar Pradesh	70.59%

In order to understand what lies behind these numbers, we examine each of the parameters covered under this area individually below. The case study on Jharkhand at the end of this section provides an insight into how the State achieved a 100% score on this area of the assessment.

The rest of this section is structured as follows: first, we present the question or parameter assessed and the number of states that meet this parameter. Second, we explain why the parameter is important and what the intended goal is for each parameter. Finally, we take stock of the results, and, where possible, identify states that have performed exemplarily on the parameters.

3.4.1 Policy enablers

For certain industries, is there a provision for self-certification under...

	Jump Start Needed	Acceleration Required	Aspiring Leaders
Q99: The Factories Act, 1948	1	6	6
Q100: The Minimum Wages Act, 1948	1	8	7
Q101: The Shops and Establishment Act (as applicable)	1	8	7
Q102: The Payment of Wages Act, 1936	1	8	7
Q103: The Contract Labour (Regulation and Abolition) Act, 1970	1	6	7
Q104: Boilers	1	6	
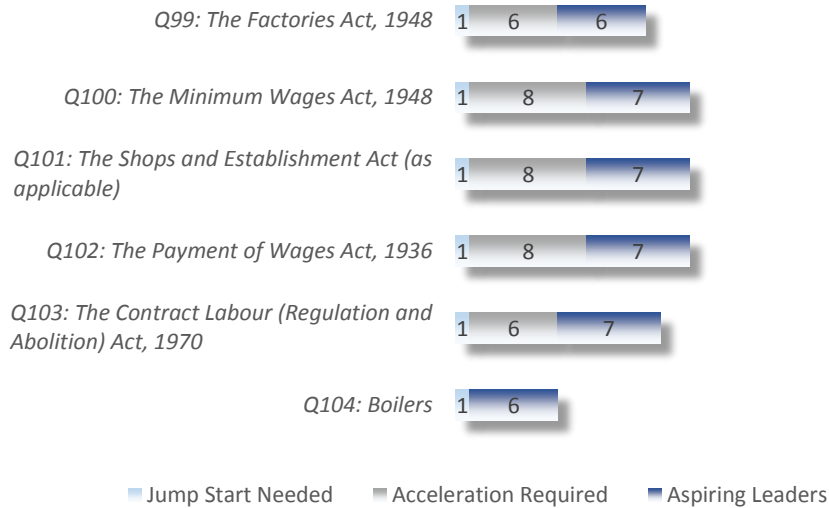
The Labor Department in each State has a major role in issuing a number of registrations under various Acts and laws, and mandatory inspections are often required for registration, annual return filing and renewal under each of these Acts. However, Departments often suffer from a human resource and capacity constraint to fully inspect all enterprises regularly. This imposes a cost upon the entrepreneur in terms of the time to comply, as well as on the Department in terms of ensuring it has sufficient resources to carry out all these inspections. For certain industries, for example low-risk industries or non-polluting industries, these inspections can be replaced with self-certification, with detailed audits carried out to ensure compliance and veracity of the self-certification on firms either randomly or on the basis of pre-defined risk criteria. To enable this potential time-saving opportunity, the State should issue a notification or circular outlining the applicability of the self-certification scheme, as well as procedures it will follow for audits.

In the case of inspections with a safety dimension, i.e. the case of the boilers, inspections can be substituted with third-party certifications. To enable this, the State must not only issue a notification, but also lay out criteria for accreditation and empanelment of third-party service providers, as well as clearly lay out that, in the event of an accident, the liability falls equally upon the entrepreneur and the certifying authority. A draft notification with reference to third-party certification of boilers has already been circulated to States by DIPP, so that States can easily adapt and issue the notification.

16 States allow for self-certification under the Minimum Wages Act, 1948, the Shops and Establishment Act and the Payment of Wages Act, 1936. 14 and 13 States respectively allow self-

certification under Factories Act, 1948 and Contract Labour (Regulation and Abolition) Act, 1970,. However, only 7 State and UTs allow for self-certification under Indian Boiler Act.

All 7 Aspiring Leaders allow self-certification provision under the Minimum Wages Act, 1948, the Shops and Establishment Act, the Payment of Wages Act, 1936 and the Contract Labour (Regulation and Abolition) Act, 1970.

Q105: Does the State have a provision for issuing Factory License with validity of 5 years or more?

| 3 | 5 | 7 |

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders
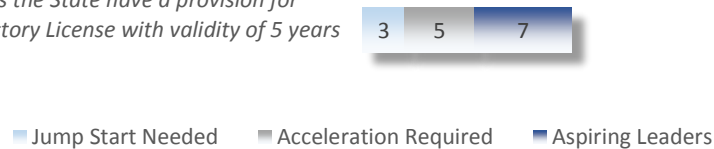
Similar to the case of environmental licenses, factory licenses can also be issued for a longer validity, subject to no changes in the factory plan. Reregistration can be mandated in the case of changes, and this provision can be built in to the certificate itself. Random checks and audits to ensure that the factory conforms to the plan originally submitted can be carried out, thus reducing the burden on States to inspect every single factory prior to certification.

15 States and UTs issue factory licenses with a validity of five or more years. All 7 Aspiring Leaders have adopted this provision.

3.4.2 Specific labor regulations

The next 11 sets of questions are about specific licensing, registration, approval or renewal processes involved in obtaining labour permissions. Each of the processes envisions an ideal system that includes the following criteria:

- The detailed procedure covering all applicable steps, from application submission to application approval, is published online on department's website. It may be supplemented with process maps if available; in any case, the details should be published explicitly and should not refer to Acts or rules.
- A comprehensive list of the documents that need to be submitted as part of the application is included on the website.
- Clear timelines are notified, either on the portal, or through a notification and citizen charter.
- The application can be made online, through a portal with the following features:
  - Entrepreneurs should be able to fill out and submit the application form online;
  - The user can pay all associated fees online;
  - Once submitted, the applications are processed and approved by each licensing agency online, and not through a manual or hard copy process;
  - The user can track the status of his applications online using the portal; and
  - Once approved, the user can obtain the approval or registration certificate online through the portal.

- There are no physical touch-points in the application process. This means that entrepreneurs are not required to physically present and submit all documents for verification before the certificate is issued. Instead, entrepreneurs can use digital signature certificates to submit their documents through the online system.
- Once approval is obtained, the signed certificate – either digitally signed or signed manually and scanned – should be made available for download from the website by the user.
- Other users should be able to check the authenticity of the document online, using the certificate number or other unique reference, by visiting the portal.

In summary, when it comes to the 7 Labour Department registrations, on average 11 of the assessed States offer clear procedures with checklists of detailed documents across all 7 Labour Department registrations studied above. 17 States on average offer clear timelines for all processes, while an average of 7 have fully online systems for application and payment. However, only an average of 2 States offer downloadable and verifiable certificates.

Jharkhand's Labour Department is the only one in the country to score 100% on all four parameters studied in this assessment across all 7 processes. Andhra Pradesh also deserves a mention as the Labour Department provides clear information, timelines and online solutions, but lack downloadable and verifiable certificates.

3.4.2.1 Registration and grant of license under The Factories Act, 1948

	Jump Start Needed	Acceleration Required	Aspiring Leaders
Q106: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site?	3	5	4
Q107: Are the clear timelines defined for approval of application?	4	9	7
Q108: Is there a provision for online application and payment without the need for a physical touch point?	1	3	5
Q109: Is the approval certificate issued in an online format which is downloadable and verifiable?	1	2	

Jharkhand offers a fully clear automated experience to users, and meets all four of the criteria above. Andhra Pradesh and Haryana allow fully online application and payment with clear timelines and downloadable certificates, but requires more effective information on the procedure. Chattisgarh, Gujarat and Uttar Pradesh have clear timelines and procedures and fully online application systems, but lack downloadable and verifiable certificates.

3.4.2.2 Approval of plan and permission to construct/extend/or take into use any building as a factory under the Factories Act, 1948

Q110: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site?
4 | 4 | 5

Q111: Are the clear timelines defined for approval of application?
2 | 9 | 7

Q112: Is there a provision for online application and payment without the need for a physical touch point?
1 2 | 5

Q113: Is the approval certificate issued in an online format which is downloadable and verifiable?
3

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

Andhra Pradesh, Chattisgarh and Jharkhand offer users factory plan approval processes that meet all four criteria above. Gujarat and Uttar Pradesh also have good processes, timelines and online systems, but lack downloadable and verifiable certificates.

3.4.2.3 License under The Indian Boilers Act, 1923

Q114: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site?
2 | 7 | 5

Q115: Are the clear timelines defined for approval of application?
1 | 8 | 7

Q116: Is there a provision for online application and payment without the need for a physical touch point?
3 | 6

Q117: Is the approval certificate issued in an online format which is downloadable and verifiable?
3

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

Chattisgarh, Jharkhand and Madhya Pradesh feature boiler licensing processes that meet all four criteria above. Andhra Pradesh and Uttar Pradesh also have clear processes with online systems and clear timelines, but lack the facility to download and verify certificates.

3.4.2.4 License for contractors under provision of The Contracts Labour (Regulation and Abolition) Act, 1970

Q118: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site?
5   6

Q119: Are the clear timelines defined for approval of application?
5   9   7

Q120: Is there a provision for online application and payment without the need for a physical touch point?
11   5

Q121: Is the approval certificate issued in an online format which is downloadable and verifiable?
1

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

Jharkhand is the only State where the Contractor license process scores yes on all four parameters assessed above. In Andhra Pradesh, Chhattisgarh, Gujarat and Uttar Pradesh, information on the process is available, there is a clear timeline defined for approval, and the application is fully online, but the facility to download and verify certificates is currently missing.

3.4.2.5 Registration under The Shops and Establishment Act

Q122: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site?
2   6   6

Q123: Are the clear timelines defined for approval of application?
5   8   7

Q124: Is there a provision for online application and payment without the need for a physical touch point?
2 2

Q125: Is the approval certificate issued in an online format which is downloadable and verifiable?
2 2

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

Delhi, Jharkhand and Karnataka feature Shops and Establishment application processes that meet all four of the parameters assessed. In Andhra Pradesh, Haryana, Uttar Pradesh and West Bengal, the process scores positively on three parameters, but all three systems lack downloadable and verifiable certificates. Madhya Pradesh's process also scores positively on three parameters, but lacks a fully online experience.

3.4.2.6 Registration of principal employer's establishment under provision of The Contracts Labour (Regulation and Abolition) Act, 1970

Q126: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site?
1 | 6 | 6

Q127: Are the clear timelines defined for approval of application?
5 | 9 | 7

Q128: Is there a provision for online application and payment without the need for a physical touch point?
11 | 5

Q129: Is the approval certificate issued in an online format which is downloadable and verifiable?
1

Jump Start Needed   Acceleration Required   Aspiring Leaders

Jharkhand once again leads all States with a process that is clear, has defined timelines, is conducted fully online, and allows for downloadable and verifiable certificates at the end. Andhra Pradesh, Chhattisgarh and Uttar Pradesh come close once again, but lack downloadable and verifiable certificates.

3.4.2.7 Registration under The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996

Q130: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site? 1 5 6

Q131: Are the clear timelines defined for approval of application? 3 8 7

Q132: Is there a provision for online application and payment without the need for a physical touch point? 4

Q133: Is the approval certificate issued in an online format which is downloadable and verifiable? 1

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

Jharkhand's Building and Other Construction Worker's Registration process is once again the only one that meets all four parameters of the assessment. Andhra Pradesh and Gujarat also offer fairly clear, time-bound and robust online experiences, but lack downloadable certificates.

3.4.3 Specific renewals

When it comes to renewing the licenses issued by the Labour or Factories Department under the various Acts, Jharkhand once again is the only State that scores a hundred percent across all four renewals. Once again, Chhattisgarh and Gujarat have clear procedures, defined timelines and online processes, but lack downloadable and verifiable certificates.

On average, 12 of the States provide clear information on renewal procedures, 17 offer clear timelines for renewals, 7 allow for fully online renewal, but only 2 allow for downloadable and verifiable certificates.

3.4.3.1 Renewal of license under The Factories Act, 1948

Q134: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site?

2   7   4

Q135: Are the clear timelines defined for approval of application?
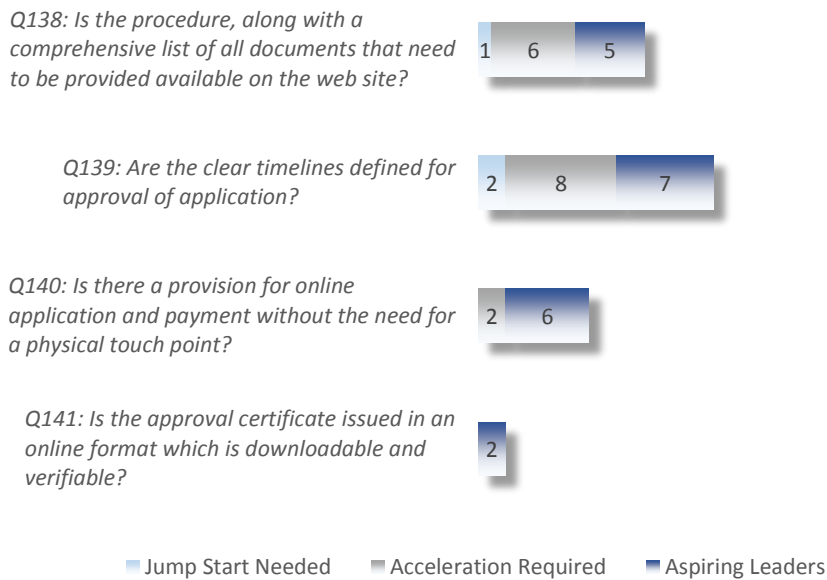
3   7   6

Q136: Is there a provision for online application and payment without the need for a physical touch point?

1 2   4

Q137: Is the approval certificate issued in an online format which is downloadable and verifiable?

1 1

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

The Labor Departments of Jharkhand and Haryana offer processes that have sufficient information available, have clear timelines, are fully online and allow for downloading and verifying certificates. In Chhattisgarh, Gujarat and Uttar Pradesh, information is available, timelines are set and processes are online, but there are no downloadable certificates.

3.4.3.2 Renewal of license under The Indian Boilers Act, 1923

Q138: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site?

1   6   5

Q139: Are the clear timelines defined for approval of application?

2   8   7

Q140: Is there a provision for online application and payment without the need for a physical touch point?

2   6

Q141: Is the approval certificate issued in an online format which is downloadable and verifiable?

2

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

Aside from Jharkhand and Madhya Pradesh, which offers boiler license renewal that meets all four parameters above, Andhra Pradesh, Chattisgarh, Gujarat and Uttar Pradesh also have processes that only lack downloadable and verifiable certificates.

3.4.3.3 Renewal of license for contractors under provision of The Contracts Labour (Regulation and Abolition) Act, 1970

Q142: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site? 5 6

Q143: Are the clear timelines defined for approval of application? 2 8 7

Q144: Is there a provision for online application and payment without the need for a physical touch point? 1 5

Q145: Is the approval certificate issued in an online format which is downloadable and verifiable? 1

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

Contractor license renewal is once again most effectively administered in Jharkhand. Andhra Pradesh, Chattisgarh, Gujarat and Uttar Pradesh also have processes that only lack downloadable and verifiable certificates.

3.4.3.4 Renewal under The Shops and Establishment Act

Q146: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site? | 2 | 6 | 4 |
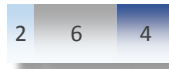
Q147: Are the clear timelines defined for approval of application? | 3 | 7 | 6 |
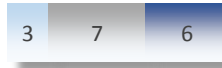
Q148: Is there a provision for online application and payment without the need for a physical touch point? | 5 | 3 |

Q149: Is the approval certificate issued in an online format which is downloadable and verifiable? | 2 | 1 |
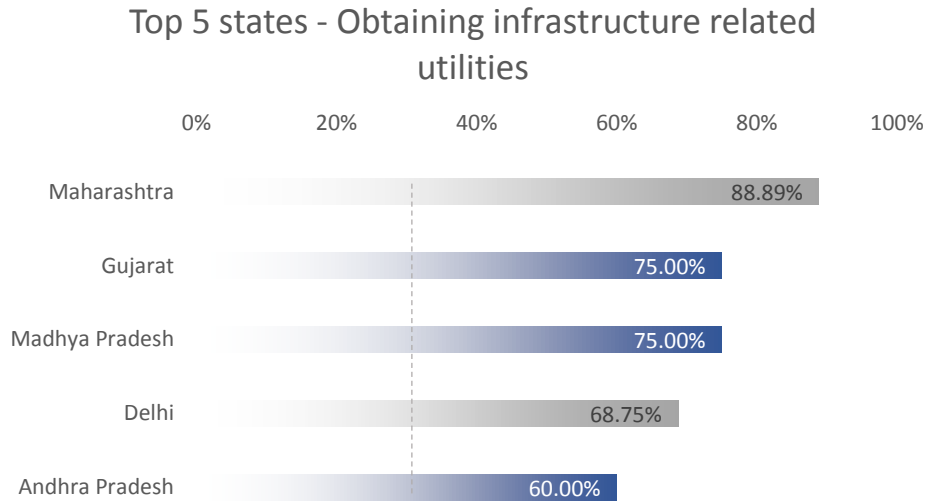
■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

Finally, Jharkhand and Punjab feature Shops and Establishment renewals that meet all four parameters of the assessment. Gujarat, Haryana, Uttar Pradesh and West Bengal have also reformed the process, but do not allow for downloadable and verifiable certificates.

Case Study: The Department of Labour, Government of Jharkhand, has implemented a comprehensive online workflow based portal facilitating speedy approvals & clearances for the entrepreneurs. The portal offers several functionalities including online registration, licensing and renewal under the various Labour Acts and also has a provision of computerized allocation of inspectors for expediting the process. The Department has also introduced the provision of Self-Certification for renewal and returns & mandated a single joint inspection in 5 years for compliance with the 14 Labour Laws

3.5 Area 5: Obtaining infrastructure related utilities

The graph below summarizes the top 5 States in this area of the assessment. The dashed line indicates the national average (32.01%) on this area of the assessment.

Top 5 states - Obtaining infrastructure related utilities

State	Value
Maharashtra	88.89%
Gujarat	75.00%
Madhya Pradesh	75.00%
Delhi	68.75%
Andhra Pradesh	60.00%

In order to understand what lies behind these numbers, we examine each of the parameters covered under this area individually below.

The rest of this section is structured as follows: first, we present the question or parameter assessed and the number of states that meet this parameter. Second, we explain why the parameter is important and what the intended goal is for each parameter. Finally, we take stock of the results, and, where possible, identify states that have performed exemplarily on the parameters.

3.5.1 Policy enablers

3.5.1.1 Timelines for utility connections

Clear timelines defined for...

Q150: Electricity Connections	11	9	6
Q151: Water connections	5	6	3
Q153: Sewer/sewage connection	2	6	3

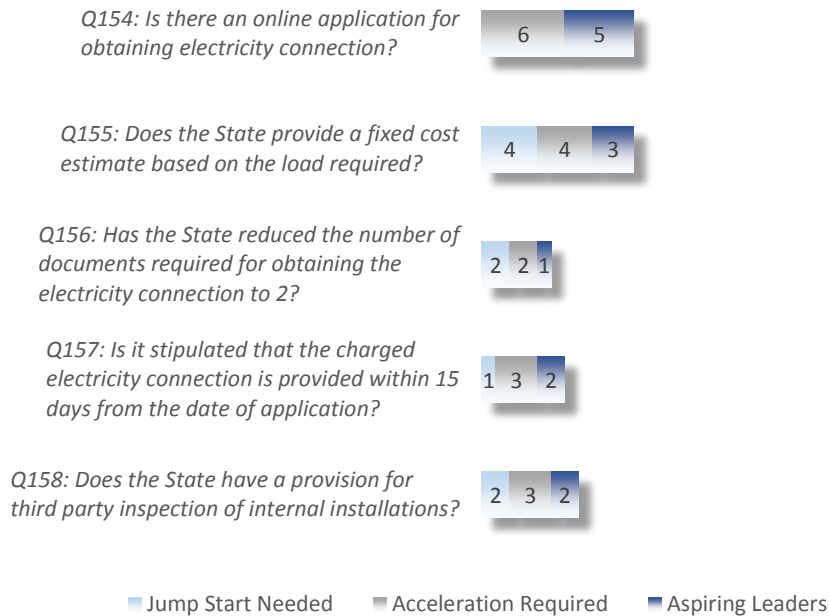■ Jump Start Needed　　■ Acceleration Required　　■ Aspiring Leaders
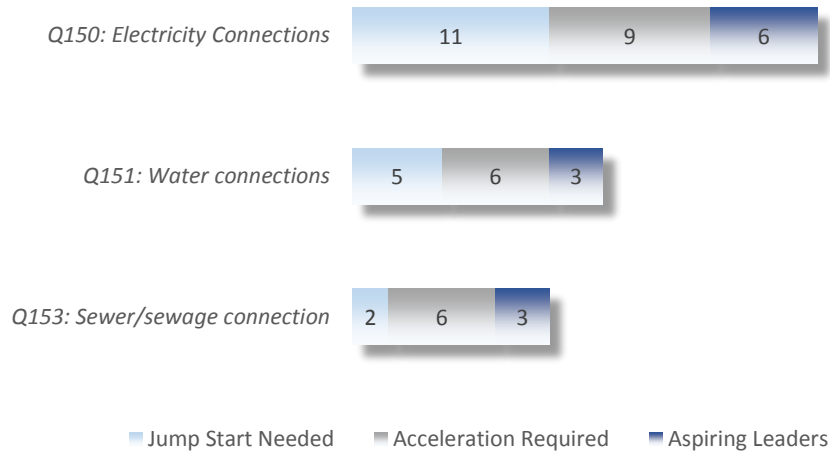
Providing clarity to entrepreneurs on the approximate time it takes to obtain connections to various utilities helps provide clarity on the amount of time they must wait before they can start operations. This, in turn, helps them plan investments effectively. Therefore, it is important to provide clarity on these timelines. Two points are important to note:

- The timelines to be specified should be the time required to obtain the connection, and not the time required to process the application.
- In light of the fact that State governments do not have the mandate to regulate gas connections, the question related to gas connections (Question 152) will not be counted in this assessment.

Nearly 81% of the States and UTs have clearly defined the timelines for connection of the electricity, compared to 44% and 34% for water and sewer connections. Andhra Pradesh, Goa, Haryana, Kerala, Maharashtra, Punjab, Telangana and West Bengal are the only States that have defined timelines for all three utilities.

3.5.1.2 Obtaining electricity connections

Q154: Is there an online application for obtaining electricity connection? `6` `5`

Q155: Does the State provide a fixed cost estimate based on the load required? `4` `4` `3`

Q156: Has the State reduced the number of documents required for obtaining the electricity connection to 2? `2` `2` `1`

Q157: Is it stipulated that the charged electricity connection is provided within 15 days from the date of application? `1` `3` `2`

Q158: Does the State have a provision for third party inspection of internal installations? `2` `3` `2`

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

The questions above are based on reforms underway in Delhi and Mumbai with the objective of improving India's performance on the Doing Business rankings. Each of the reforms proposed have significant benefits for entrepreneurs:

- An online application form, perhaps combined with the single window system, can make applications for connections easier and, by enabling tracking of applications online, can also introduce transparency into the process. If connections are provided by private distribution companies, energy regulators can also use the system to obtain data and track performance in terms of the time it takes to obtain an electricity connection.
- In many cases, road cutting may be required to provide electric connections; often, this permission is given by a separate department, and involves a separate application by the utility and a separate payment by the consumer. It is recommended that a fixed cost per load unit be stipulated by the government, which includes all costs associated with providing the average electricity connection. The distribution company can then use this payment to pay for any restoration charges or any other costs that may be incurred, and the consumer only has to apply once and pay once.
- A large number of documents are generally required to obtain an electricity connection to prove that the applicant is authorized to apply for the electricity connection. This can be streamlined significantly by requiring only 2 documents: proof of ownership and authorization to apply in the case of a company.
- A mandatory time limit for electricity connections is helpful if notified by State governments as it helps reduce uncertainty of entrepreneurs regarding the time required to obtain the connection, thus enabling them to plan effectively.

- In many cases, electricity connections require detailed inspections by the distribution companies or by the Government prior to connections. However, this inspection can be outsourced to third party agencies who have the skills to inspect internal wiring and can complete this during the building planning and construction stage itself. To enable this, the State must not only issue a notification, but also lay out criteria for accreditation and empanelment of third-party service providers, as well as clearly lay out that, in the event of an accident, the liability falls equally upon the entrepreneur and the certifying authority.

Only 11 States and UTs feature online applications for obtaining electricity connections, while 11 States offer all-inclusive fixed cost estimates for connections. Only Madhya Pradesh scored positively on all five parameters assessed in this study. There has been very little progress on reducing the number of documents to two – only Assam, Chandigarh, Madhya Pradesh, Tamil Nadu and Uttar Pradesh require 2 documents. Assam, Delhi, Gujarat, Karnataka, Madhya Pradesh and Maharashtra are the only States that mandate that connections will be given within fifteen days.

Case Study: Maharashtra offers investor friendly services for obtaining infrastructure related utilities such as electricity, water and sewage in a time bound manner. Detailed procedures and all inclusive checklists have been placed on the relevant websites to keep investors informed. The procedures detail the workflow from filing an application to issuance of registration/ NoC.

The state has also implemented online systems to apply for the utilities thereby allowing an investor to apply from anywhere anytime. The state provides a fixed cost estimate as part of application for obtaining electricity connection to allow investors to apply once and pay once.

3.5.2 Specific utility NOCs for construction permits

The next 3 sets of questions are about specific processes involved in obtaining NOCs related to infrastructure for construction projects. Each of the processes envisions an ideal system that includes the following criteria:

- The detailed procedure covering all applicable steps, from application submission to application approval, is published online on department's website. It may be supplemented with process maps if available; in any case, the details should be published explicitly and should not refer to Acts or rules.
- A comprehensive list of the documents that need to be submitted as part of the application is included on the website.
- Clear timelines are notified, either on the portal, or through a notification and citizen charter.
- The application can be made online, through a portal with the following features:

- o Entrepreneurs should be able to fill out and submit the application form online;
- o The user can pay all associated fees online;
- o Once submitted, the applications are processed and approved by each licensing agency online, and not through a manual or hard copy process;
- o The user can track the status of his applications online using the portal; and
- o Once approved, the user can obtain the approval or registration certificate online through the portal.

- There are no physical touch-points in the application process. This means that entrepreneurs are not required to physically present and submit all documents for verification before the certificate is issued. Instead, entrepreneurs can use digital signature certificates to submit their documents through the online system.
- Once approval is obtained, the signed certificate – either digitally signed or signed manually and scanned – should be made available for download from the website by the user.
- Other users should be able to check the authenticity of the document online, using the certificate number or other unique reference, by visiting the portal.

3.5.2.1 NOC from Storm water and drainage department (prior to commencement of construction activities)

Q159: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site?	11
Q160: Are the clear timelines defined for approval of application?	2 1
Q161: Is there a provision for online application and payment without the need for a physical touch point?	1
Q162: Is the approval certificate issued in an online format which is downloadable and verifiable?	

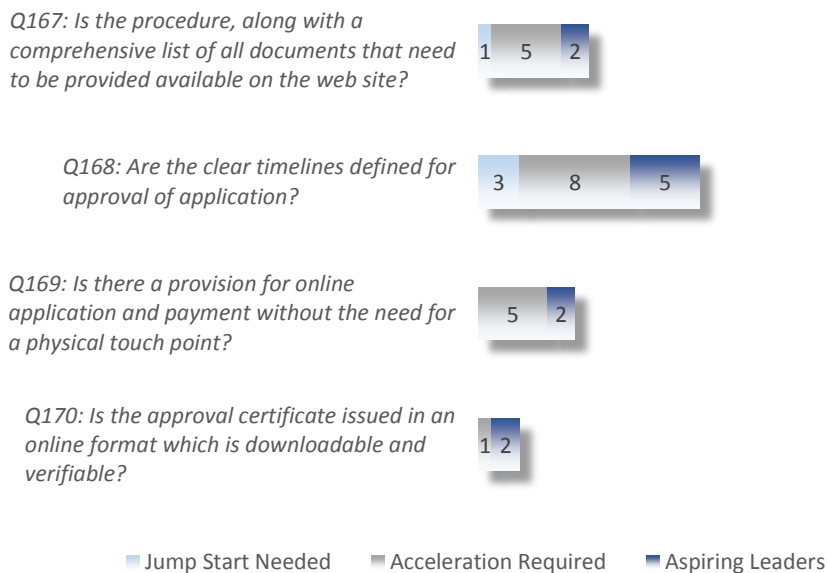■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

This process has been marked Not Applicable for 13 States. However, of the remaining 19 States, only Maharashtra offers clear procedures and timelines and a fully online application process.

3.5.2.2 NOC from Sewage department (prior to commencement of construction activities)

Q163: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site? — 2 1

Q164: Are the clear timelines defined for approval of application? — 1 4 1

Q165: Is there a provision for online application and payment without the need for a physical touch point? — 2

Q166: Is the approval certificate issued in an online format which is downloadable and verifiable? — 1

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

This process has been marked Not Applicable for the 18 States and Union Territories who indicated that they do not have an organized sewer system. Of the remaining 14, Delhi is the only region that offers a process that scores positively on all four parameters of the study. Maharashtra also has a fully online process with clear procedures and timelines, but lacks downloadable and verifiable certificates.
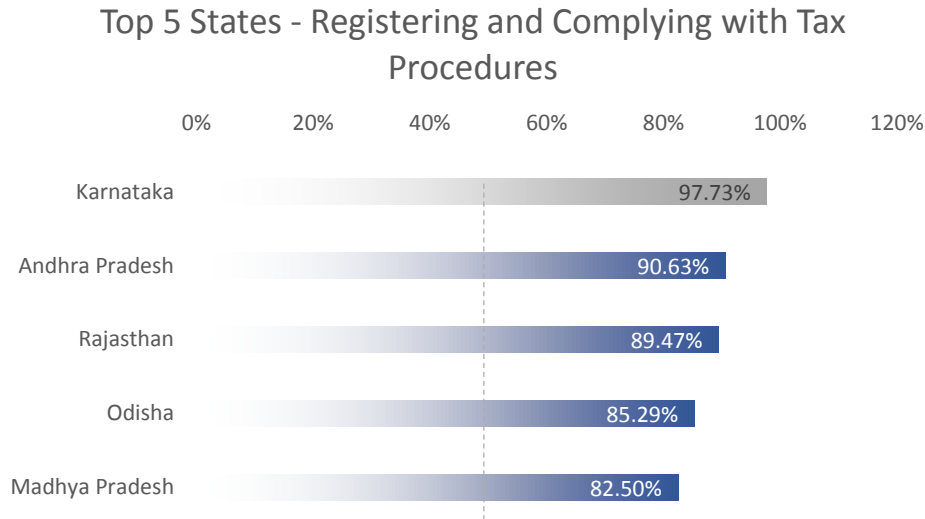
3.5.2.3 NOC from Fire department (prior to commencement of construction activities)

Q167: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site? — 1 5 2

Q168: Are the clear timelines defined for approval of application? — 3 8 5

Q169: Is there a provision for online application and payment without the need for a physical touch point? — 5 2

Q170: Is the approval certificate issued in an online format which is downloadable and verifiable? — 1 2

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

Andaman and Nicobar, Jharkhand and Odisha indicated that Fire department NOCs are not required for building permits. Of the remaining 29 States and Union Territories, Andhra Pradesh and Haryana feature NOC processes that score positively on all four parameters. Gujarat, Maharashtra, Telangana and Uttar Pradesh score positively on 3 parameters, but do not provide downloadable and verifiable NOCs.

3.6 Area 6: Registering and complying with tax procedures

The graph below summarizes the top 5 States in this area of the assessment. The dashed line indicates the national average (48.61%) on this area of the assessment.
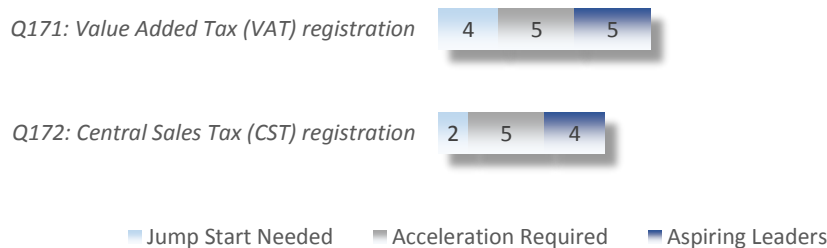
Top 5 States - Registering and Complying with Tax Procedures

State	Percentage
Karnataka	97.73%
Andhra Pradesh	90.63%
Rajasthan	89.47%
Odisha	85.29%
Madhya Pradesh	82.50%

In order to understand what lies behind these numbers, we examine each of the parameters covered under this area individually below.

The rest of this section is structured as follows: first, we present the question or parameter assessed and the number of states that meet this parameter. Second, we explain why the parameter is important and what the intended goal is for each parameter. Finally, we take stock of the results, and, where possible, identify states that have performed exemplarily on the parameters.

3.6.1 Policy enablers

e-Registration mandated for...

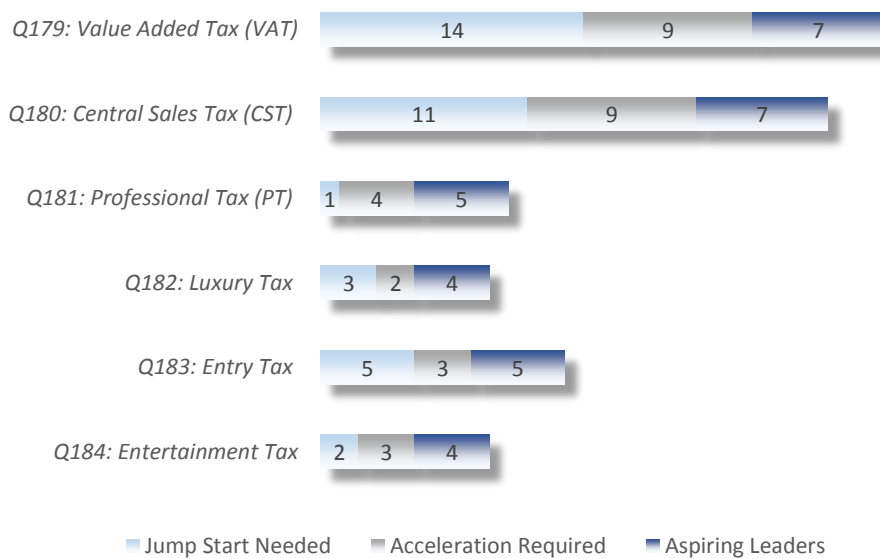|	Jump Start Needed	Acceleration Required	Aspiring Leaders
Q171: Value Added Tax (VAT) registration	4	5	5
Q172: Central Sales Tax (CST) registration	2	5	4

As discussed in Section 3.1.3, VAT and other tax registration certificates may be required for other business registration requirements, as well as to open bank accounts and obtain loans to start business. Online registration allows the process to be expedited for entrepreneurs. At the same

time, since data is entered online by the user, tax databases can be updated instantly with minimal involvement on the part of the tax authority. In contrast, manual applications impose a cost on the tax authority by diverting resources to updating the database based on the manual forms that are submitted; in addition, it may degrade the quality of the database in case there are transcription errors. Thus mandatory online applications should be enforced by States, through the issuance of a notification or legislation.

14 States and UTs have mandated e-registration for VAT, but only 11 have mandated e-registration for CST. Andhra Pradesh, Delhi, Jharkhand, Karnataka, Maharashtra, Odisha, Puducherry, Rajasthan, Sikkim, Uttar Pradesh and West Bengal have mandated e-registration for both taxes.
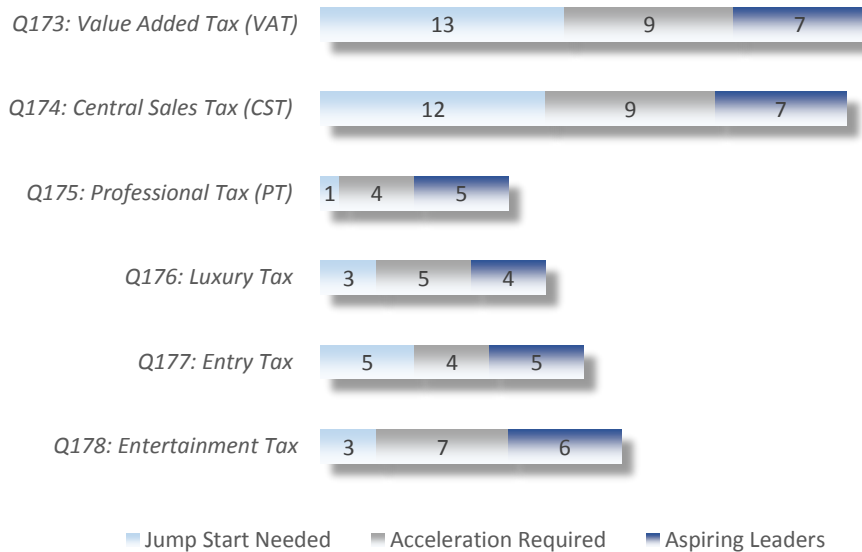
Online Return Filing For...

Question	Jump Start Needed	Acceleration Required	Aspiring Leaders
Q179: Value Added Tax (VAT)	14	9	7
Q180: Central Sales Tax (CST)	11	9	7
Q181: Professional Tax (PT)	1	4	5
Q182: Luxury Tax	3	2	4
Q183: Entry Tax	5	3	5
Q184: Entertainment Tax	2	3	4

Similarly, in the case of filing taxes, online filing mechanisms are also useful in easily and quickly capturing relevant data effectively from the users. This allows better quality control on the database itself, by ensuring that it is error-free, and by thereby allowing State tax authorities to compile comprehensive tax payment histories and develop risk profiles for each tax payer. The online filing mechanism can also be effectively combined into a single software, and made available through the single window established under Section 3.1.2 above.
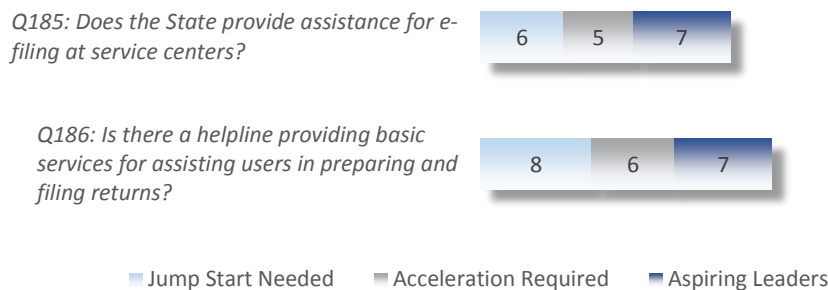
All States except Arunachal Pradesh and A&N Islands allow online filing of VAT returns. Similarly, all States except Arunachal Pradesh, A&N Islands, Meghalaya, Nagaland and Tripura allow for online filing of CST returns. Karnataka and Madhya Pradesh are the only States that allow online filing of returns for all six State taxes. Not all taxes are levied in all States, however, and some other States allow online return filing of all other levied taxes. This includes Andhra Pradesh (luxury and entry tax are not levied), Goa and Rajasthan (PT is not levied) and Jharkhand (entry tax is not levied).

Online Payment of...

	Jump Start Needed	Acceleration Required	Aspiring Leaders
Q173: Value Added Tax (VAT)	13	9	7
Q174: Central Sales Tax (CST)	12	9	7
Q175: Professional Tax (PT)	1	4	5
Q176: Luxury Tax	3	5	4
Q177: Entry Tax	5	4	5
Q178: Entertainment Tax	3	7	6

■ Jump Start Needed ■ Acceleration Required ■ Aspiring Leaders

Once returns are filed online, a payment gateway can be deployed to allow taxes to also be paid online. This reduces the burden on the entrepreneurs to manually visit banks to pay taxes, and enables more accurate tax payments if they are based on the filings, as opposed to manual payments which may be subject to errors.

Andhra Pradesh, Jharkhand, Chhattisgarh, Goa, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Uttar Pradesh and West Bengal allow online payment for all State taxes that are applicable in the State.

	Jump Start Needed	Acceleration Required	Aspiring Leaders
Q185: Does the State provide assistance for e-filing at service centers?	6	5	7
Q186: Is there a helpline providing basic services for assisting users in preparing and filing returns?	8	6	7

■ Jump Start Needed ■ Acceleration Required ■ Aspiring Leaders

E-filing service centers can be an effective mechanism to assist tax payers to make the transition from manual filing and payment. These centers can assist taxpayers to file and pay taxes online, thereby allowing greater use of the online system. Wide availability of such centers can also increase adoption of online filing and payment mechanisms.

Similarly, a helpline number can also provide real-time information and support to users – however, an effective helpline should have features similar to those outlined in Section 3.1.1.

21 out of 32 States and UTs – including all 7 Aspiring Leaders and 6 of the 9 Acceleration Required States – offer a helpline for returns filing. 18 States also provide assistance at service centers. States that offer both include Andhra Pradesh, Chhattisgarh, Goa, Gujarat, Jharkhand, Karnataka, Madhya Pradesh, Nagaland, Odisha, Puducherry, Rajasthan, Telangana and West Bengal.

Q187: Is it stipulated that the VAT refund payment directly comes into organization's account within 60 days?

| 3 | 5 |

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

VAT refunds are a source of capital that entrepreneurs can use to expand their business or to carry out transactions – therefore, delays in the refund reaching the entrepreneur can slow down the pace of business. For this question, we examine whether notifications or legislation exist that mandate this repayment into the entrepreneur's account, as well as whether the refund is made directly to the user's bank account, instead of through a voucher or check.

Only Andhra Pradesh, Chhattisgarh, Delhi, Madhya Pradesh, Odisha, Rajasthan, Uttar Pradesh and West Bengal offer tax payers this facility.

Q188: Does the State have a provision for risk based inspection related to tax compliance?

| 4 | 7 | 7 |

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

A tax database that captures data effectively on tax payments and compliance can be used by the tax authority to identify the most high-risk tax payers. This allows tax audits and inspections to be targeted at cases that pose risk, instead of being conducted uniformly across all businesses, many of which may be of a very small scale or may partake in small transactions only. This also increases the efficiency of the tax audit process, by reducing the workload on officials who undertake these audits. The criteria that define the risk parameters should be clearly defined in a government notification or circular, and can also be built into advanced tax registration, filing and payment systems. 18 States have provisions for risk-based compliance inspections.

Q189: Does the State have system for advance tax ruling for State level taxes on the lines of Income Tax Act?
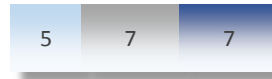
| 5 | 5 | 6 |

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

Advance tax provisions allow businesses to pay taxes upfront, and thereby reduce their cost of compliance. Such provisions should be built in to the State's VAT and other tax laws, so that they can be enforced. 50% of the assessed States have system for advance ruling.

5	7	7

■ Jump Start Needed ■ Acceleration Required ■ Aspiring Leaders

This question relates to a transparent, risk-based approach to ensure tax compliance for goods moving through a State. In line with the other risk-based inspections discussed throughout this document, risk-based mobile check posts can be more efficient than static check posts that seek to examine every single truck, by allowing officials to focus on those that pose the highest risk. A first step in this regard is to allow entrepreneurs to generate waybills, transit forms and other check post related forms through an online interface. This online system can then be enhanced with filters that allow random sampling or other risk-based criteria, which is then sent to the mobile squads who can then inspect the specific outliers. This can reduce the time taken for domestic transshipment of goods and therefore spur greater domestic and international trade.

19 States have either made information captured at check post online or introduced random checking with mobile squads.

3.6.2 Specific registrations

The next 6 sets of questions are about specific processes involved in registering for various State taxes. Each of the processes envisions an ideal system that includes the following criteria:
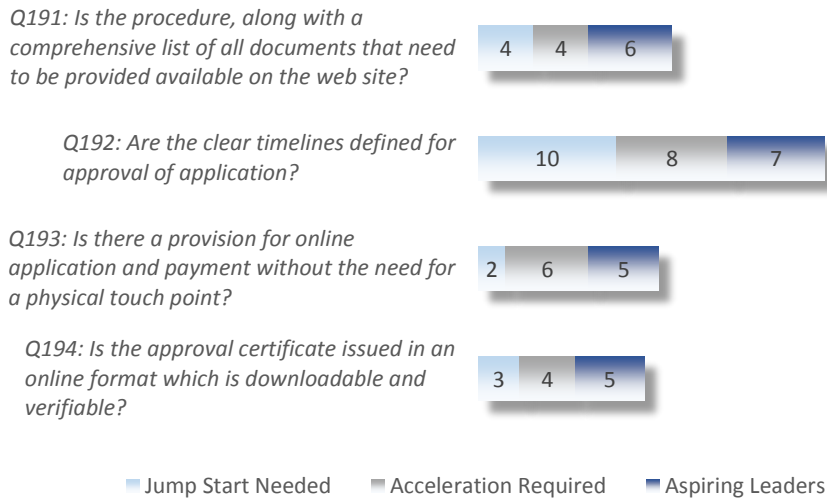
- The detailed procedure covering all applicable steps, from application submission to application approval, is published online on department's website. It may be supplemented with process maps if available; in any case, the details should be published explicitly and should not refer to Acts or rules.
- A comprehensive list of the documents that need to be submitted as part of the application is included on the website.
- Clear timelines are notified, either on the portal, or through a notification and citizen charter.
- The application can be made online, through a portal with the following features:

  o Entrepreneurs should be able to fill out and submit the application form online;
  o The user can pay all associated fees online;
  o Once submitted, the applications are processed and approved by each licensing agency online, and not through a manual or hard copy process;
  o The user can track the status of his applications online using the portal; and
  o Once approved, the user can obtain the approval or registration certificate online through the portal.

- There are no physical touch-points in the application process. This means that entrepreneurs are not required to physically present and submit all documents for verification before the certificate is issued. Instead, entrepreneurs can use digital signature certificates to submit their documents through the online system.
- Once approval is obtained, the signed certificate – either digitally signed or signed manually and scanned – should be made available for download from the website by the user.
- Other users should be able to check the authenticity of the document online, using the certificate number or other unique reference, by visiting the portal.

In summary, only Karnataka's State tax registration systems appear to score positively on all four parameters across all six State registration processes assessed. Karnataka's groundbreaking registration processes are profiled in the Case Study at the end of the chapter. Honorable mention must also be made of Himachal Pradesh and Gujarat, which score positively on all four parameters of four registrations processes.
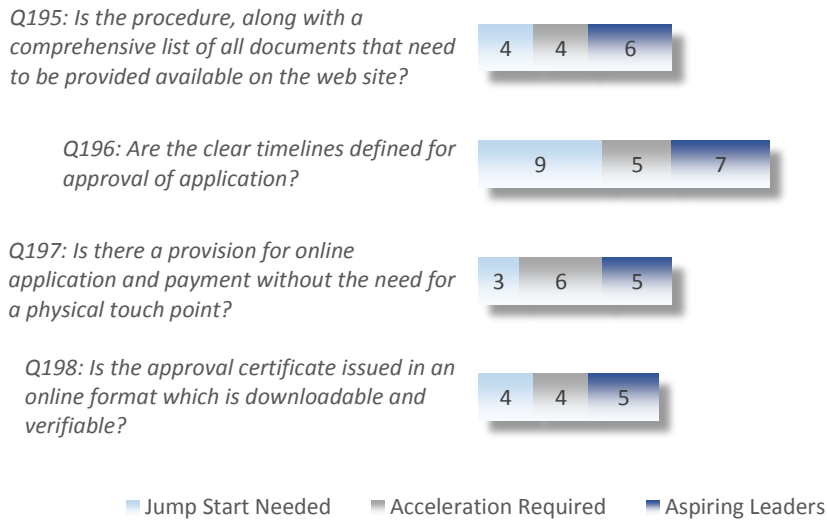
On average, 10 States offer clear information on the tax registration procedures, 15 feature defined timelines, 9 have fully online registration systems, while 7 allow for downloadable certificates.

3.6.2.1 Registration for Value Added Tax (VAT)

Q191: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site?   4   4   6

Q192: Are the clear timelines defined for approval of application?   10   8   7

Q193: Is there a provision for online application and payment without the need for a physical touch point?   2   6   5

Q194: Is the approval certificate issued in an online format which is downloadable and verifiable?   3   4   5

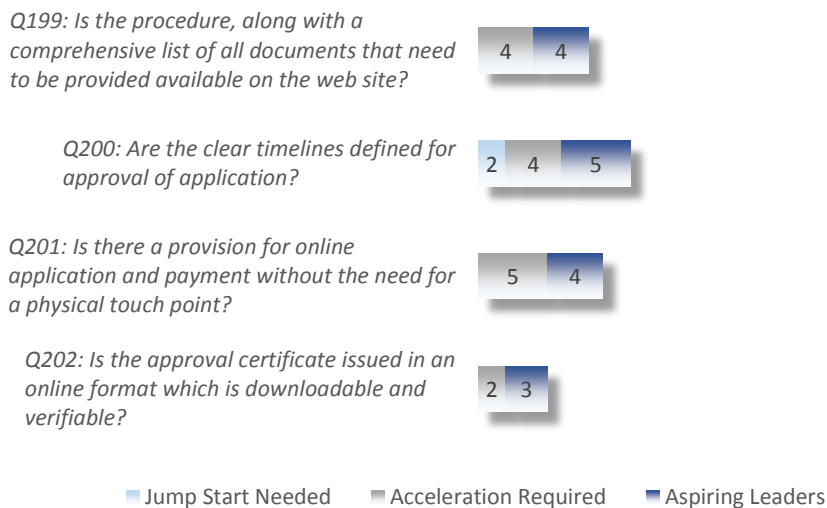◾ Jump Start Needed   ◾ Acceleration Required   ◾ Aspiring Leaders

VAT registration systems in Andhra Pradesh, Gujarat, Himachal Pradesh and Karnataka score positively on all four parameters of this assessment. Chhattisgarh, Delhi and West Bengal score positively on three parameters, but require further improvement on the quality of information available on the procedure. Jharkhand, Madhya Pradesh and Telangana's systems also score positively on three parameters, but lack downloadable and verifiable certificates.

3.6.2.2 Registration for Central Sales Tax (CST)

Q195: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site?

| 4 | 4 | 6 |

Q196: Are the clear timelines defined for approval of application?

| 9 | 5 | 7 |

Q197: Is there a provision for online application and payment without the need for a physical touch point?

| 3 | 6 | 5 |

Q198: Is the approval certificate issued in an online format which is downloadable and verifiable?

| 4 | 4 | 5 |

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

CST registration systems in Andhra Pradesh, Gujarat, Himachal Pradesh and Karnataka score positively on all four parameters of this assessment. Chhattisgarh, Delhi and West Bengal score positively on three parameters, but require further improvement on the quality of information available on the procedure. Jharkhand, Kerala and Madhya Pradesh's systems also score positively on three parameters, but lack downloadable and verifiable certificates.
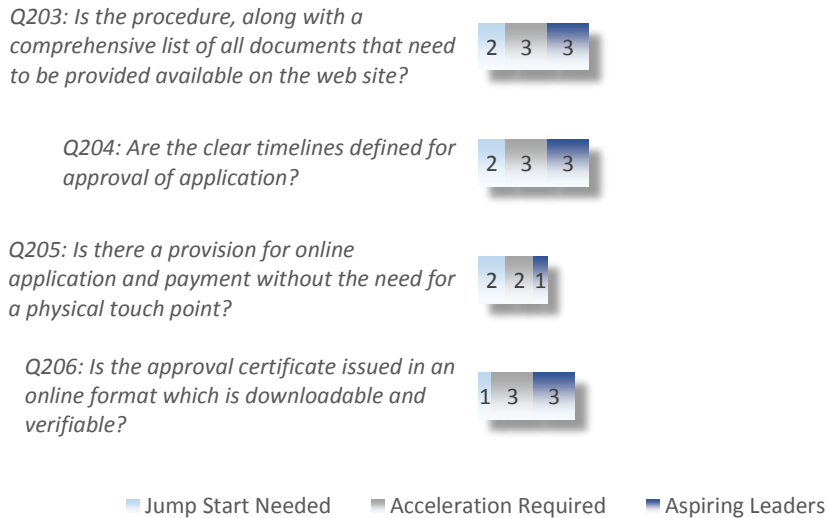
3.6.2.3 Registration for Professional Tax

Q199: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site?

| 4 | 4 |

Q200: Are the clear timelines defined for approval of application?

| 2 | 4 | 5 |

Q201: Is there a provision for online application and payment without the need for a physical touch point?

| 5 | 4 |

Q202: Is the approval certificate issued in an online format which is downloadable and verifiable?

| 2 | 3 |

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

PT is not levied in 13 States and UTs. Of the remaining 19, Gujarat, Karnataka and West Bengal are the only States where all four parameters are fully met. Andhra Pradesh scores positively on 3 parameters, but requires improvement in the quality of information available on the procedure.
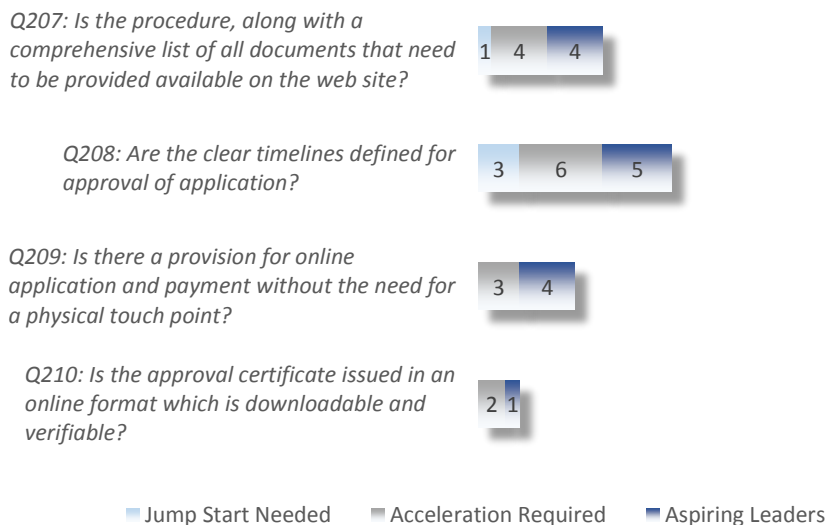
Jharkhand, Madhya Pradesh and Telangana's systems do not provide downloadable and verifiable certificates. Odisha also has a good system, but it is not fully online.

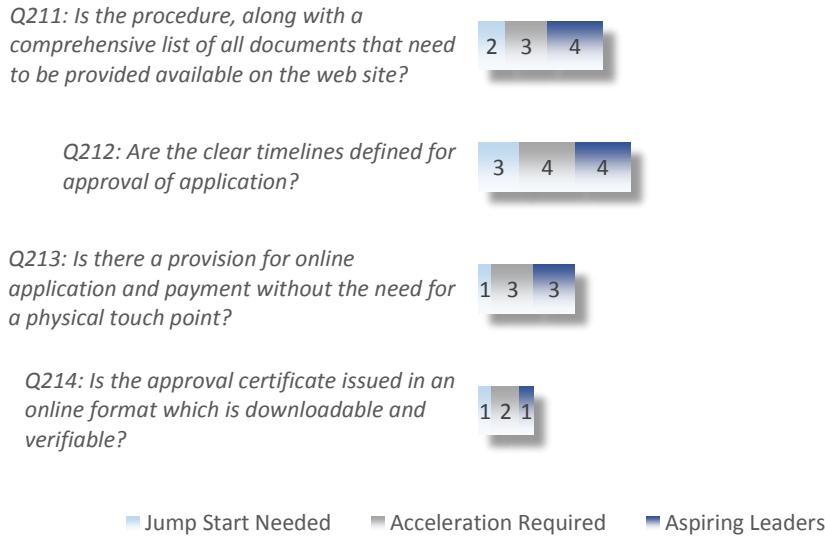### 3.6.2.4 Registration for Entry Tax

Q203: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site? 2 3 3

Q204: Are the clear timelines defined for approval of application? 2 3 3

Q205: Is there a provision for online application and payment without the need for a physical touch point? 2 2 1

Q206: Is the approval certificate issued in an online format which is downloadable and verifiable? 1 3 3

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

Entry tax is levied in 18 States and UTs covered under this assessment. Gujarat, Himachal Pradesh, Karnataka and West Bengal score positively on all four parameters of the assessment. Odisha, Rajasthan and Uttar Pradesh's registration systems score positively on 3 out of the 4 parameters – in all three States, the process is not fully online.

3.6.2.5 Registration for Entertainment Tax

Q207: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site? 1 4 4

Q208: Are the clear timelines defined for approval of application? 3 6 5

Q209: Is there a provision for online application and payment without the need for a physical touch point? 3 4

Q210: Is the approval certificate issued in an online format which is downloadable and verifiable? 2 1

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

Registration processes for Entertainment tax score positively on all parameters in Delhi, Karnataka and Rajasthan. Jharkhand, Madhya Pradesh and Telangana score positively on three parameters, but none of them offer downloadable and verifiable certificates.
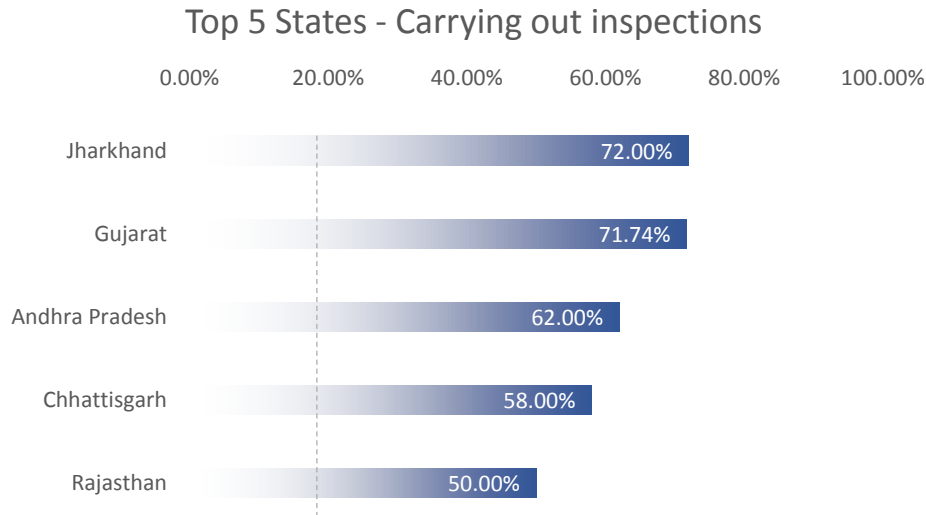
3.6.2.6 Registration for Luxury Tax

Q211: Is the procedure, along with a comprehensive list of all documents that need to be provided available on the web site? 2 3 4

Q212: Are the clear timelines defined for approval of application? 3 4 4

Q213: Is there a provision for online application and payment without the need for a physical touch point? 1 3 3

Q214: Is the approval certificate issued in an online format which is downloadable and verifiable? 1 2 1

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

Of the 22 States and UTs where luxury tax is levied, only Delhi, Himachal Pradesh and Karnataka feature registration processes that score positively on all four parameters. Jharkhand and Madhya Pradesh score positively on three parameters, but do not offer downloadable and verifiable certificates. Rajasthan also scores positively on three parameters, but the process is not fully online.

Case Study: Karnataka has undertaken comprehensive automation and process re-engineering in the area of taxation for which it also received the PM's Award, 2011-12 – 'Transformation of Commercial Tax Regime'. All services including registration for various taxes, filing returns, paying taxes through payment gateway, receiving registration certificates (which are downloadable and verifiable), e-waybill registrations are provided through electronic mode only thereby eliminating the need for any physical touch point. The online portal provides clear information on procedures. A helpline has also been established to assist dealers with e-filing of returns.

3.7 Area 7: Carrying out inspections

The graph below summarizes the top 5 States in this area of the assessment. The dashed line indicates the national average (19.45%) on this area of the assessment.

Top 5 States - Carrying out inspections

State	Percentage
Jharkhand	72.00%
Gujarat	71.74%
Andhra Pradesh	62.00%
Chhattisgarh	58.00%
Rajasthan	50.00%

In order to understand what lies behind these numbers, we examine each of the parameters covered under this area individually below.

The rest of this section is structured as follows: first, we present the question or parameter assessed and the number of states that meet this parameter. Second, we explain why the parameter is important and what the intended goal is for each parameter. Finally, we take stock of the results, and, where possible, identify states that have performed exemplarily on the parameters.

3.7.1 Policy enablers

Q215: Does the State conduct surprise inspections only based on complaints received with specific permission from the Head of Department?

This recommendation surrounds resolving undue compliance burdens on businesses, who are often visited by inspectors throughout the year. The question above has two parts. First, the inspectorate must change from an overarching model of inspecting all enterprises to only inspecting those businesses against whom complaints have been received. This requires restructuring the inspections process through legislation or notification. Second, inspections should only be conducted in cases that are explicitly approved by a senior authority – generally the Head of the Department. This practice helps increase the transparency of inspection processes and applicability, while simultaneously reducing the burden on the already over-stretched inspectors.

As discussed in an earlier section, no State has yet implemented this provision for all compliance inspections across the State.

Q216: Does the State allow for synchronized/joint inspection under all of the 10 Labour acts?

3	4

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

Furthermore, businesses that have to deal with multiple inspections from the same agency several times a year face higher compliance time and cost in dealing with inspections. The inspections above are related to the compliance function of the Labor Department, and can easily be converted into a single joint inspection. To enable this, the Labor Department must issue a notification, as well as publish a single checklist and procedures for undertaking this single inspection. This can drastically reduce the burden on the limited inspector base available to States as well, and enable more efficient identification of violations while laying out comprehensive plans to correct any violations that are detected. Gujarat, Haryana, Jharkhand, Madhya Pradesh, Rajasthan, Tamil Nadu and West Bengal have introduced this provision.

3.7.2 Specific inspections

The next 13 sets of questions are about specific inspections involved in tax, labour and environmental compliance under various laws. Each of the inspections envisions an ideal system that includes the following criteria:

- The detailed procedure covering all applicable steps and the comprehensive inspection checklist is published online on department's website. It may be supplemented with process maps if available; in any case, the details should be published explicitly and should not refer to Acts or rules.
- A specific provision must be made by the State government or by the associated agencies that inspection reports must be submitted within 72 hours through a notification or circular.
- The inspector allocation system must be linked to the online application and approval system, and the approval authority should be able to allocate inspectors once applications are submitted either by jurisdiction or randomly. The inspector should also have an online workspace within the system where they can see their inspection workflows and submit their reports.
- Inspectorates should define risk criteria to ensure that are programmed into the system to ensure that inspections occur only for certain high-risk categories, instead of in 100% of the applications. This can reduce burden on the limited inspectors, while increasing the efficiency and effectiveness of inspections and the available human resources by reducing the burden on low-risk business while ensuring that high-risk businesses are adequately monitored.

As covered in Chapter 2, inspection reform is the area in which most States are struggling. On average, only 5 States publish well-defined procedures, 11 States mandate the submission of

inspection reports within 72 hours, 5 States allocate inspectors online, and only 3 use computerized risk assessment.

3.7.2.1 Inspection of the business premises for VAT (Value Added Tax) registration

Q217: Is there a well-defined inspection procedure published on department's web site? 4 1

Q218: Is there a provision which mandates submission of inspection reports within 72 hours? 1 2

Q219: Is there an online system for allocation of inspectors to conduct the inspections? 2
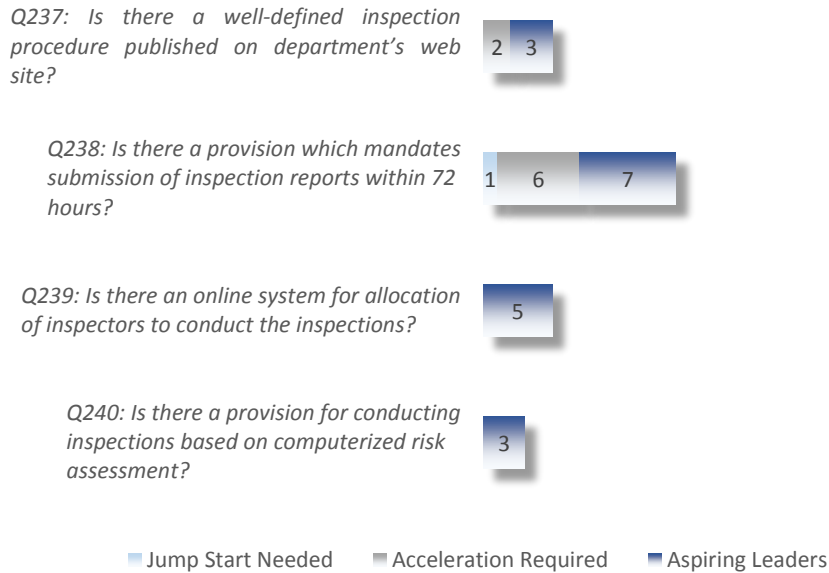
Q220: Is there a provision for conducting inspections based on computerized risk assessment? 2 2

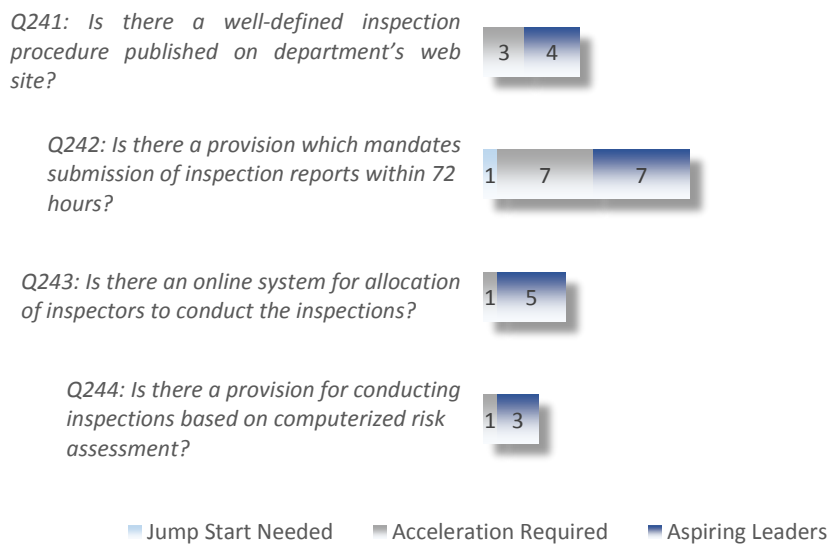■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

Many States have eliminated pre-registration VAT inspections, and have replaced them with post-registration advisory visits. Of the remaining States, none has implemented all four of the provisions above. Himachal Pradesh and Mizoram have introduced online allocation of inspectors.

Jharkhand is a clear leader in terms of labour inspection reforms in terms of this assessment, while Gujarat leads on environmental inspections. Jharkhand's labour inspection system is profiled in the Case Study at the end of this section.

3.7.2.2 Inspection by Building Proposal Office/ relevant agency as part of obtaining construction permit

Q221: Is there a well-defined inspection procedure published on department's web site?
`2` `1`

Q222: Is there a provision which mandates submission of inspection reports within 72 hours?
`3` `3`

Q223: Is there an online system for allocation of inspectors to conduct the inspections?
`1` `3`

Q224: Is there a provision for conducting inspections based on computerized risk assessment?

■ Jump Start Needed ■ Acceleration Required ■ Aspiring Leaders

Similarly, no State has implemented all four of the parameters above for construction permit inspections. Andhra Pradesh, Maharashtra and Tamil Nadu have well defined inspection procedures, while Chhattisgarh, Delhi, Gujarat and Madhya Pradesh allocate inspectors online.

3.7.2.3 Inspection from Tree Authority/ Appropriate Authority for felling trees (prior to commencement of construction activities)

Q225: Is there a well-defined inspection procedure published on department's web site?
`3` `1`

Q226: Is there a provision which mandates submission of inspection reports within 72 hours?
`1` `1`

Q227: Is there an online system for allocation of inspectors to conduct the inspections?
`1`

Q228: Is there a provision for conducting inspections based on computerized risk assessment?

■ Jump Start Needed ■ Acceleration Required ■ Aspiring Leaders

Andhra Pradesh's tree inspection is the most advanced among all States, and only lacks computerized risk assessment. Tamil Nadu's process is well-defined and mandates submission of inspection reports within 72 hours.

3.7.2.4 Inspection under The Equal Remuneration Act, 1976

Q237: Is there a well-defined inspection procedure published on department's web site? 2 | 3

Q238: Is there a provision which mandates submission of inspection reports within 72 hours? 1 | 6 | 7

Q239: Is there an online system for allocation of inspectors to conduct the inspections? 5

Q240: Is there a provision for conducting inspections based on computerized risk assessment? 3

■ Jump Start Needed　　■ Acceleration Required　　■ Aspiring Leaders

Jharkhand's inspection process under the Equal Remuneration Act meets all four parameters of the assessment. Andhra Pradesh and Chhattisgarh also have very good processes, but the procedure is not well-defined.

3.7.2.5 Inspection under The Factories Act, 1948

Q241: Is there a well-defined inspection procedure published on department's web site? 3 | 4

Q242: Is there a provision which mandates submission of inspection reports within 72 hours? 1 | 7 | 7

Q243: Is there an online system for allocation of inspectors to conduct the inspections? 1 | 5

Q244: Is there a provision for conducting inspections based on computerized risk assessment? 1 | 3

■ Jump Start Needed　　■ Acceleration Required　　■ Aspiring Leaders

Chhattisgarh, Jharkhand and Rajasthan feature Factories inspections that meet all four criteria of this assessment. Gujarat also has a robust process, but lacks computerized risk assessment. Maharashtra's process would benefit from improving the available information on the procedure.

3.7.2.6 Inspection under The Minimum Wages Act, 1948

Q245: Is there a well-defined inspection procedure published on department's web site? 1 3

Q246: Is there a provision which mandates submission of inspection reports within 72 hours? 1 5 7

Q247: Is there an online system for allocation of inspectors to conduct the inspections? 5

Q248: Is there a provision for conducting inspections based on computerized risk assessment? 3

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

Jharkhand's Minimum Wage inspection is the only one that scores positively on all four parameters. Andhra Pradesh and Chattisgarh score positively on three parameters, and would benefit from publishing a well-defined inspection procedure on their website. Gujarat's process would benefit from introducing computerized risk assessment.

3.7.2.7 Inspection under The Shops and Establishments A

Q249: Is there a well-defined inspection procedure published on department's web site? 1 1 2

Q250: Is there a provision which mandates submission of inspection reports within 72 hours? 1 5 7

Q251: Is there an online system for allocation of inspectors to conduct the inspections? 5

Q252: Is there a provision for conducting inspections based on computerized risk assessment? 3

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders
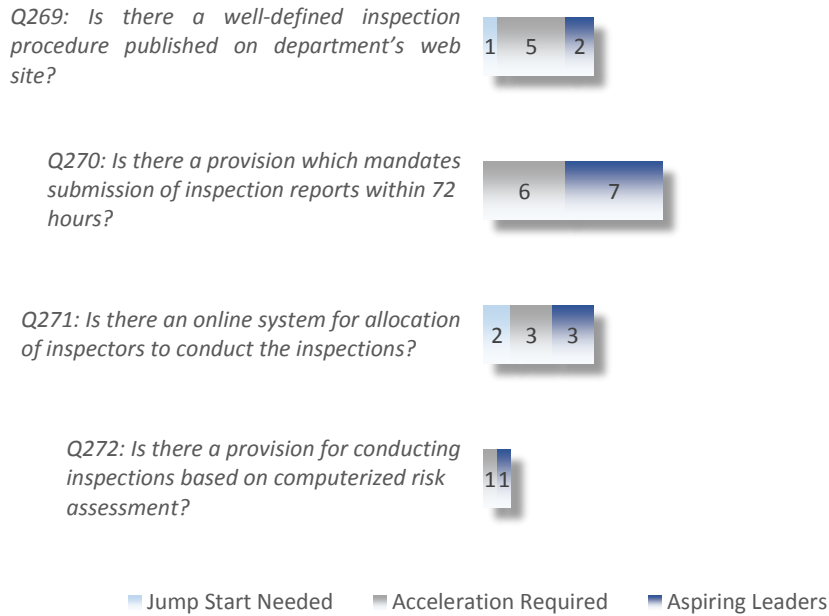
3.7.2.8 Inspection under The Payment of Bonus Act, 1965

Q253: Is there a well-defined inspection procedure published on department's web site?
1 3

Q254: Is there a provision which mandates submission of inspection reports within 72 hours?
1 5 7

Q255: Is there an online system for allocation of inspectors to conduct the inspections?
5

Q256: Is there a provision for conducting inspections based on computerized risk assessment?
3

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

3.7.2.9 Inspection under The Payment of Wages Act, 1936

Q257: Is there a well-defined inspection procedure published on department's web site?
2 3

Q258: Is there a provision which mandates submission of inspection reports within 72 hours?
1 4 7

Q259: Is there an online system for allocation of inspectors to conduct the inspections?
5

Q260: Is there a provision for conducting inspections based on computerized risk assessment?
3

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

3.7.2.10 Inspection under The Payment of Gratuity Act, 1972

Q261: Is there a well-defined inspection procedure published on department's web site? | 1 3

Q262: Is there a provision which mandates submission of inspection reports within 72 hours? | 1 4 7

Q263: Is there an online system for allocation of inspectors to conduct the inspections? | 5

Q264: Is there a provision for conducting inspections based on computerized risk assessment? | 3

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

3.7.2.11 Inspection under The Contract Labour (Regulation and Abolition) Act, 1970

Q265: Is there a well-defined inspection procedure published on department's web site? | 1 3

Q266: Is there a provision which mandates submission of inspection reports within 72 hours? | 1 5 7

Q267: Is there an online system for allocation of inspectors to conduct the inspections? | 5

Q268: Is there a provision for conducting inspections based on computerized risk assessment? | 3

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

Jharkhand's inspections under all five of the Labour Acts above meets all four parameters for all five inspections. Meanwhile, both Andhra Pradesh and Chhattisgarh come in a close second, and both can benefit from providing well-defined procedures on their website.

3.7.2.12 Inspection under The Water (Prevention and Control of Pollution) Act, 1974

Q269: Is there a well-defined inspection procedure published on department's web site?
| 1 | 5 | 2 |

Q270: Is there a provision which mandates submission of inspection reports within 72 hours?
| 6 | 7 |

Q271: Is there an online system for allocation of inspectors to conduct the inspections?
| 2 | 3 | 3 |

Q272: Is there a provision for conducting inspections based on computerized risk assessment?
| 11 |

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

3.7.2.13 Inspection under The Air (Prevention and Control of Pollution) Act, 1981

Q273: Is there a well-defined inspection procedure published on department's web site?
| 1 | 5 | 3 |

Q274: Is there a provision which mandates submission of inspection reports within 72 hours?
| 6 | 7 |

Q275: Is there an online system for allocation of inspectors to conduct the inspections?
| 2 | 3 | 3 |

Q276: Is there a provision for conducting inspections based on computerized risk assessment?
| 11 |

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

Gujarat is the only clear winner on the two environmental inspections covered above. Gujarat scores positively on three parameters in inspections under the Water Act, and on all four

parameters for inspections under the Air Act. The only other State that has implemented computerized risk assessment for environmental inspections is Maharashtra.

Case Study: In order to ease the burden on the business with undue legal and government requirements, a number of initiatives have been introduced in the state of Gujarat and Jharkhand. A unified inspection has been provisioned by the state with regards with a number of Labour Department related Acts. This helps businesses in complying with inspection requirements in a user friendly manner saving time and resources in individual inspections. To bring in transparency, the states have published comprehensive procedures and checklists for various inspections. The states have also implemented online systems for allocation of inspectors to increase the efficiency and effectiveness of inspections

3.8 Area 8: Enforcing contracts

The graph below summarizes the top 5 States in this area of the assessment. The dashed line indicates the national average (16.49%) on this area of the assessment.
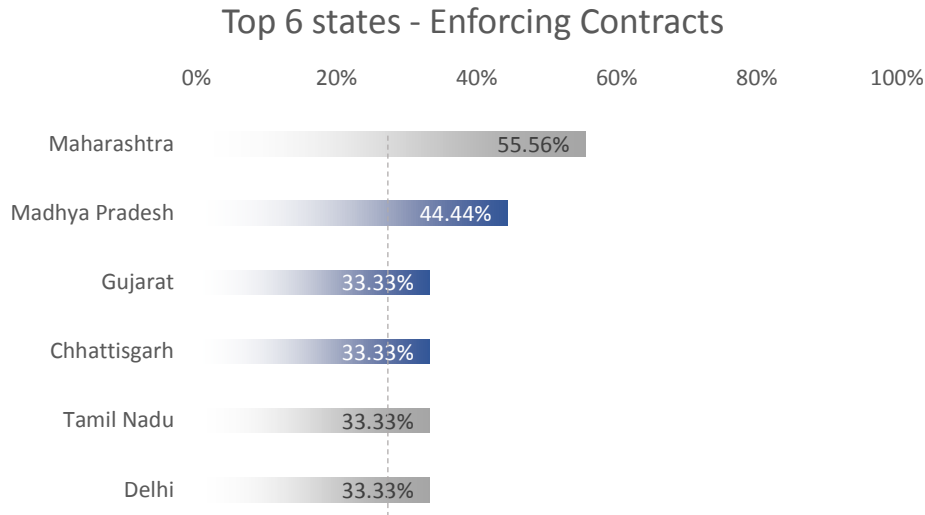
Top 6 states - Enforcing Contracts

State	Percentage
Maharashtra	55.56%
Madhya Pradesh	44.44%
Gujarat	33.33%
Chhattisgarh	33.33%
Tamil Nadu	33.33%
Delhi	33.33%

In order to understand what lies behind these numbers, we examine each of the parameters covered under this area individually below.

The rest of this section is structured as follows: first, we present the question or parameter assessed and the number of states that meet this parameter. Second, we explain why the parameter is important and what the intended goal is for each parameter. Finally, we take stock of the results, and, where possible, identify states that have performed exemplarily on the parameters.

3.8.1 Establishing electronic courts

Q277: Do the District courts have a provision for e-filing for commercial disputes?

Q278: Do the District courts have a provision for e-summons for commercial disputes?

1

Q279: Do the District courts have a provision for making online payments?

1

Q280: Do the District courts have a provision for publishing e-cause list for commercial disputes?

2   6   5

Q281: Do the District courts have a provision for issuing digitally signed court orders?

1

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders
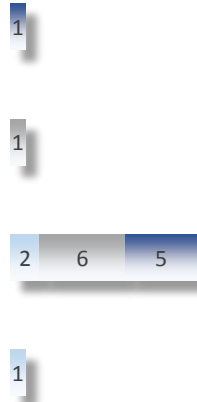
The questions above examine the State's readiness to introduce electronic court systems. Such systems have been found globally to greatly reduce the time and cost associated with filing, administering, tracking and resolving legal disputes; further, they allow for more efficient record management in courts and thereby reduce the administrative costs associated with judicial administration. The questions above seek to examine whether an electronic court exists, and, if so, whether it includes features that allow electronic summons, payments, cause lists and court orders, thereby increasing transparency of court decision-making. More advanced systems globally are also integrated with property records, thereby allowing the land records to also cover legal encumbrances so that potential land-buyers are aware of outstanding litigation and court judgments on the land they are planning to purchase.

13 States have thus far introduced e-cause lists for commercial disputes at the District Court level; however, progress on other parameters has been weak. E-filing is not yet in practice in any State in India. Madhya Pradesh has enabled e-summons, Maharashtra allows online payment of court fees, and Sikkim has introduced digitally signed court orders.

3.8.2 Policy enablers

Q282: Does the State have specialized courts or commercial division in existing courts to resolve commercial disputes? — 2

Q283: Does the State have model contract templates/ guidelines published on department's website that may be used for commercial contracts? — 1

Q284: Have at least 80% of the vacancies in District courts been filled up? — 3 3 2

Q285: Has the process for recruitment of judges in District court been initiated? — 6 9 5

■ Jump Start Needed   ■ Acceleration Required   ■ Aspiring Leaders

The objective of the questions above is to understand the readiness of the State's judicial system to reduce the backlog in courts. These measures can help reduce the time taken to enforce contracts by providing efficient judgments in commercial cases without undue delay in various ways:

- Specialized commercial courts can focus on contract disputes exclusively, thereby reducing the requirement for complainants and defendants to wait for delayed judgments through the regular court system. This can reduce the time and the cost of enforcing contracts.
- Model contract templates and guidelines can help standardize contracts with standards terms and conditions that are easily enforceable. The absence of such templates means various contracts are executed with loopholes that can be exploited by filing a court case.
- Recruiting judges and ensuring that vacancies are filled up can help ensure that there are sufficient judges in place to deal with disputes, thus tackling the backlog as well as rendering judgments more efficiently in future cases.

These measures should be notified appropriately through the relevant legislation or notification issued by the State governments.

20 States have begun to recruit judges to fill the district courts. Only 8 – Andaman and Nicobar, Chandigarh, Chhattisgarh, Madhya Pradesh, Maharashtra, Sikkim, Tamil Nadu and Telangana – have filled 80% of the vacancies in the court. Unfortunately, only 2 States – Delhi and Maharashtra – have introduced specialized commercial courts, and only Gujarat has made available model contract templates and guidelines on the department website.

Case Study: The High Court in Maharashtra has constituted and prescribed 7 commercial benches exclusively for the purpose of resolving commercial disputes. To address the concern of time and costs associated with various legal processes, District Courts in the state have been equipped with the provision for making online payments. Most vacancies for judges have been filled up in District Courts and hiring of judges is undertaken as and when vacancies are created to ensure availability of adequate capacity for dealing with various cases.

4. State Scorecards

This chapter provides data and information on each State in a one-page summary Scorecard. Each State Scorecard has some distinct features:

- The page headers are colour-coded by the group in which the State falls: dark blue for Aspiring Leaders, grey for Acceleration Required and light blue for Jump Start Needed.
- The page has four sections:
  - A spider web graph that details the State's implementation status on each of the 8 areas of the assessment, in comparison to the national average and the group average.
  - A textbox highlighting good practices currently implemented in the State.
  - A textbox highlighting the key reforms undertaken by the State in the January-June period.
  - A bar graph outlining the areas in which the State should focus the most going forward in order to improve its implementation status and rank. This graph prioritizes the sub-areas in which the State scored the lowest out of all sub-areas assessed in the State.

4.1 Andaman and Nicobar Islands

Overall implementation: 9.73%

Area-wise Implementation Status	Good Practices

Legend: Andaman and Nicobar Islands — Jump Start Needed Avg. - - - National Avg.
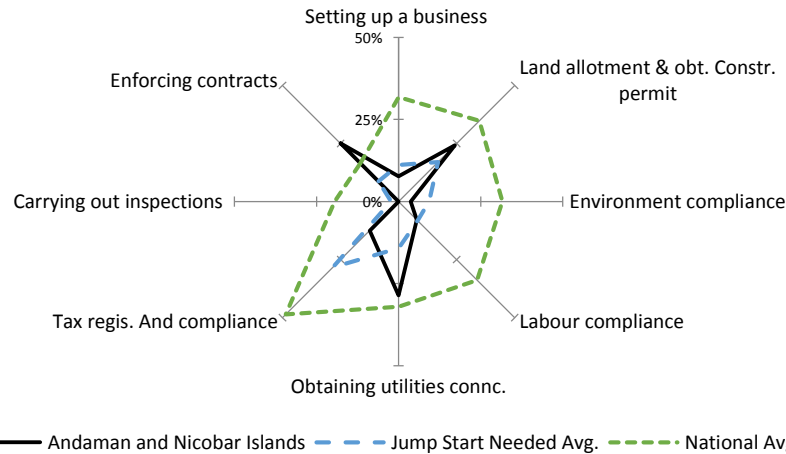
Constitution of UT and district level empowered committees and appointment of nodal officer at District Industries center for Single Window Clearance Mechanism. The Single Window facilitates investors in obtaining clearances/ approvals from various departments. The nodal officer submits the status of application(s) to empowered committee for taking necessary action.

Key Initiatives Implemented	Future Areas of Improvement

- **Environment:** Eliminated the need for NOC from Pollution Control Board as a pre-requisite for obtaining electricity connections;
- **Environment:** Defined clear timelines for obtaining various environment related consents and authorizations;
- **Enforcing contracts**: More than 80% of the vacancies in district courts have been filled;
- **Enforcing contracts**: District courts publish e-cause lists of commercial disputes.

Future Areas of Improvement bar chart labels (top to bottom):
- Single window system
- Tax General
- Property Registration
- Setting up a business general
- Environment general
- Labour general
- Construction Permits
- Building plan insection
- Electronic Courts
- Electricity Connection
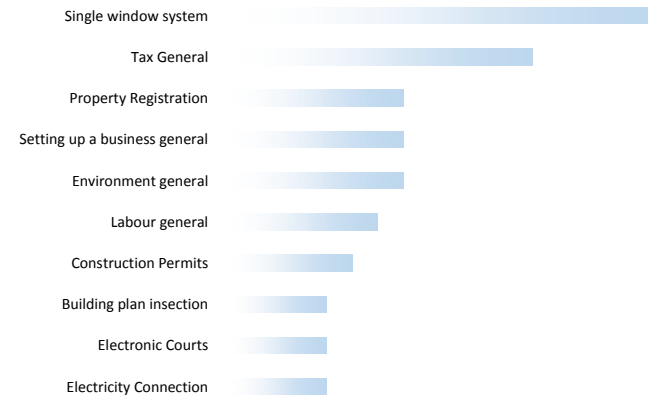
4.2 Andhra Pradesh

Overall implementation: 70.12%

Area-wise Implementation Status

— Andhra Pradesh   – – – Aspiring Leaders Avg.   ----- National Avg.
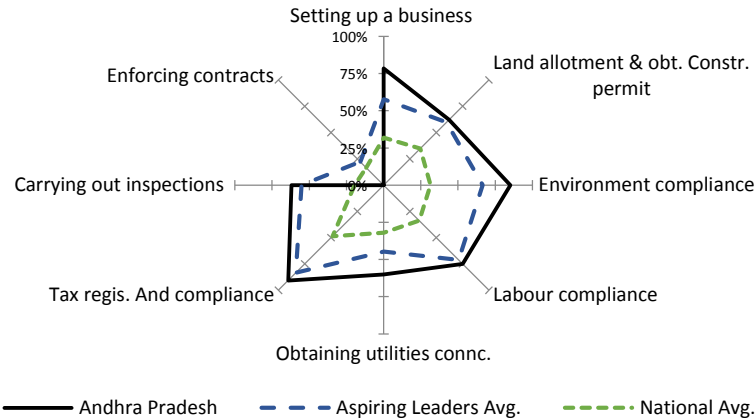
Good Practices

Single Desk Policy 2015-20 of the Government of Andhra Pradesh has been formulated to create a facilitative ecosystem to provide all clearances/approvals within 21 working days to set up an industry. All relevant competent authorities are mandated to receive applications and process the same only via Single Desk mechanisms. Single Desk Mechanism provides for State clearances required for starting an industry across pre establishment and pre operation phases. A Chief Minister's dashboard has been designed as a tool for effective monitoring of the applications received.

Key Initiatives Implemented

- **Single window**: Offers an online single window portal with clearly defined timelines for application filing, tracking and approvals;
- **Registration**: Issue spot approvals for various registrations with only scrutiny of basic documents;
- **Labour**: Deemed approval for factory registration upon Self-Certification;
- **Labour**: Allocate inspectors randomly and introduced computerized risk assessment-based inspections under various laws;
- **Labour**: Implemented an online system for registrations and renewals under various laws with no physical touch points
- **Land**: Implemented an advanced query- and layer-based web system to identify industrial land, connectivity & infrastructure;
- **Taxes**: Implemented an online system for registrations and return filing under VAT and other State taxes.

Future Areas of Improvement
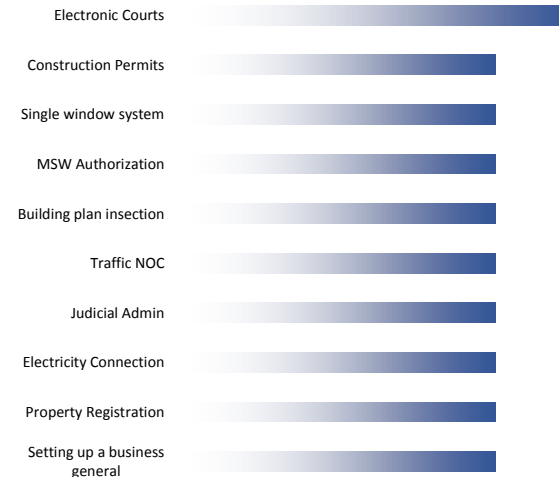
4.3 Arunachal Pradesh

Overall implementation: 1.23%

Area-wise Implementation Status	Good Practices

Setting up a business
50%
Enforcing contracts
25%
Land allotment & obt. Constr. permit
Carrying out inspections
0%
Environment compliance
Tax regis. And compliance
Labour compliance
Obtaining utilities connc.

——— Arunachal Pradesh – – – Jump Start Needed Avg. - - - - National Avg.
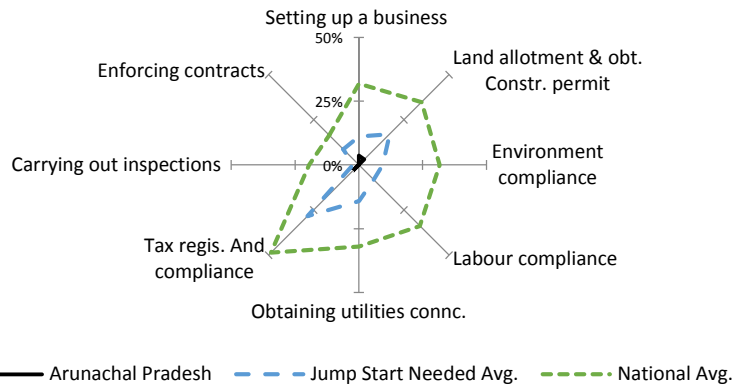
Government of Arunachal Pradesh has partially implemented computerization of commercial tax department.

Key Initiatives Implemented	Future Areas of Improvement

- **Tax**: Partially implemented computerization of commercial tax procedures.

Single window system
Tax General
Construction Permits
Property Registration
Labour general
Setting up a business general
Electricity Connection
Electronic Courts
Building plan insection
Judicial Admin
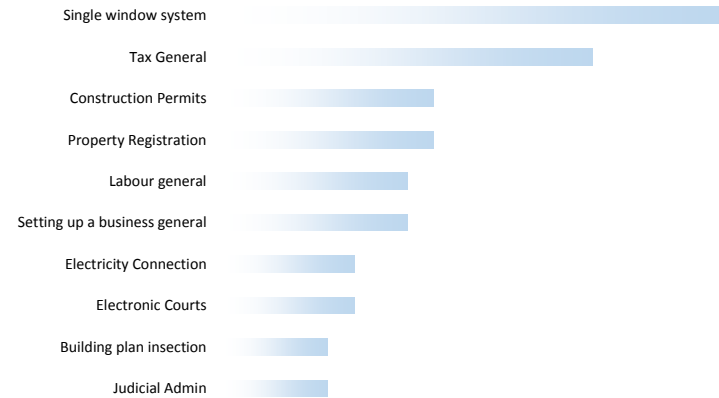
4.4 Assam

Overall implementation: 14.84%

| **Area-wise Implementation Status** | **Good Practices** |

Assam ——— Jump Start Needed Avg. - - - - National Avg. - - - - -
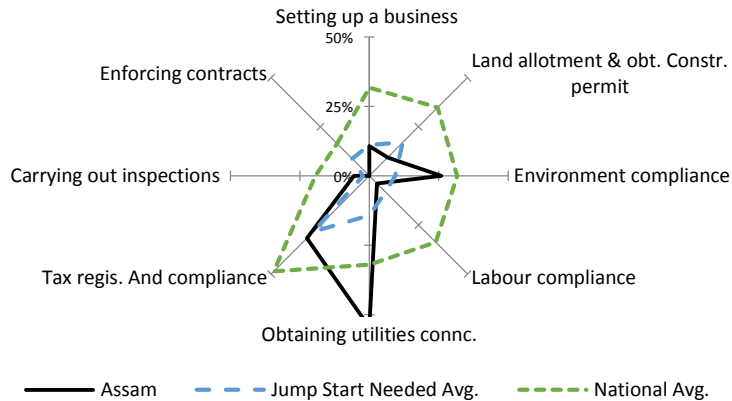
Commissioning of a dedicated portal "Invest in Assam" for investors where detailed information on various land banks along with the available infrastructure utilities are published for ready reference. The portal also publishes important URLs and links of various department for quick access. The portal also envisages (currently work in progress) to provide an easy access to various forms and formats for setting up a business in the State.

| **Key Initiatives Implemented** | **Future Areas of Improvement** |

- **Single window**: Set up a dedicated body for addressing investor queries, approvals, grievances, etc.;
- **Starting a business**: Allows online filing and status tracking of EM Part 1 and Part 2 with integrated workflow-based approval mechanism;
- **Environment**: Availability of detailed information related to pollution/ environment related clearances;
- **Infrastructure**: Reduction of documents for obtaining electricity connection;
- **Taxes**: Online solution for registration, payment and returns filing under VAT, CST and Entry Tax.
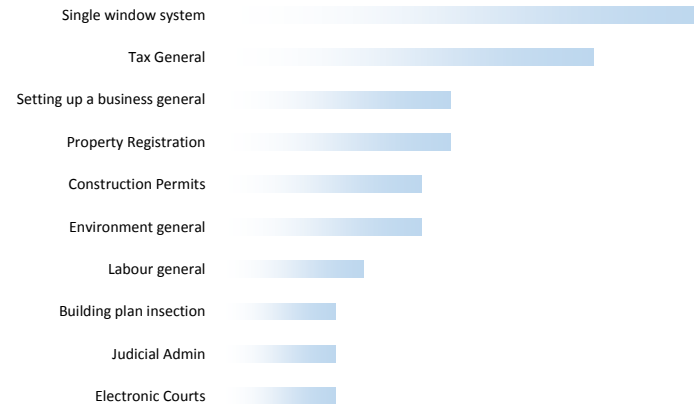
4.5 Bihar

Overall implementation: 16.41%

Area-wise Implementation Status	Good Practices

Bihar — Jump Start Needed Avg. — National Avg.
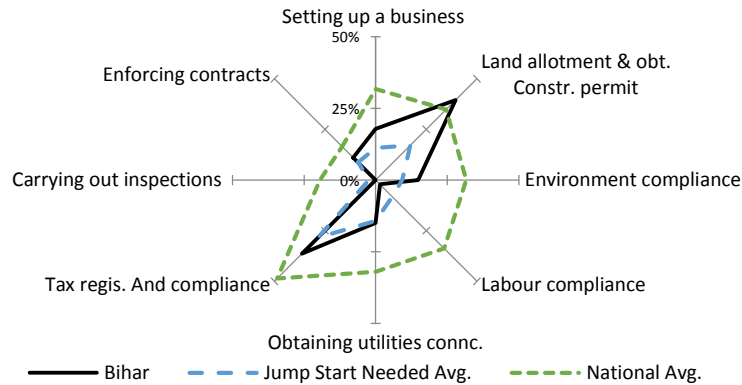
Government of Bihar has established Single Window Clearance system for promoting industrial investments through an act.

The State has also introduced IT enabled service delivery in some commercial tax and labour procedures.

Key Initiatives Implemented	Future Areas of Improvement

- **Starting a Business:** Allows online filing of EM Part I and Part II;
- **Taxes:** Computerization of various commercial tax related services such as online registrations, assessment, filing of taxes, filling of return and refunds;
- **Land**: Made available detailed and clear procedures and guidelines for allotment of land to set up a business;
- **Environment**: Made available detailed and clear procedures and timelines for obtaining environment/ pollution related clearances;
- **Infrastructure**: Defined clear timelines for electricity and water connections;
- **Enforcing contracts**: Initiated the process of recruiting judges in District court.

Single window system
Environment general
Tax General
Property Registration
Setting up a business general
Electronic Courts
Construction Permits
Labour general
Building plan insection
Electricity Connection
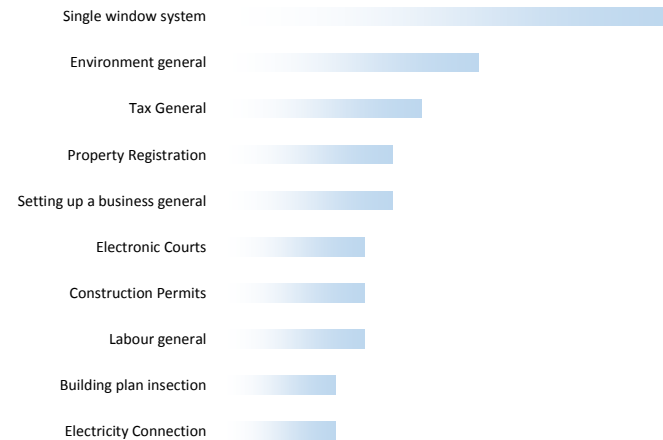
4.6 Chandigarh

Overall implementation: 10.04%

| **Area-wise Implementation Status** | **Good Practices** |

Chandigarh — Jump Start Needed Avg. — National Avg.
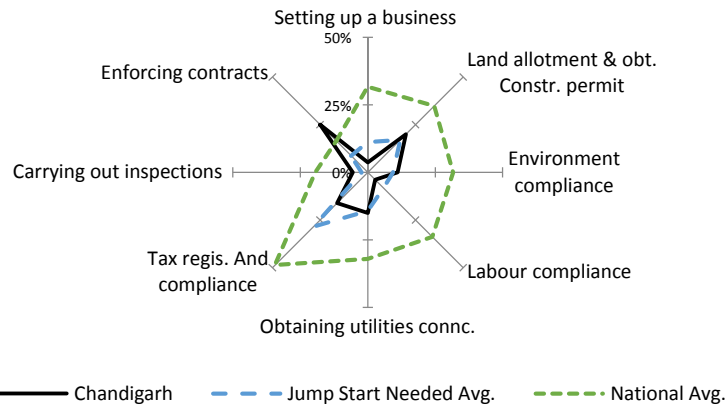
Administration of the Union Territory of Chandigarh has implemented a number of initiatives towards reinforcing ease of doing business in the UT. One of the key initiatives has been introduction of a seamless online portal for clearances under various pollution related Acts. The system empowers an investor to obtain requisite clearances without having the need to physically visit the department.

| **Key Initiatives Implemented** | **Future Areas of Improvement** |

- **Starting a Business:** Allows online filing of EM Part I and Part II;
- **Land:** Provides eStamping facilities for property registration
- **Environment:** Implemented an Online Consent Management System for various pollution and environment related clearances and certificates;
- **Registrations**: Provides clear timelines for various services;
- **Taxes**: Implemented an online system for filing returns under VAT and CST;
- **Construction Permits**: Issues a single completion-cum-occupancy certificate.

Single window system
Tax General
Property Registration
Setting up a business general
Labour general
Environment general
Factories Act Insp
Building plan insection
Electronic Courts
Construction Permits
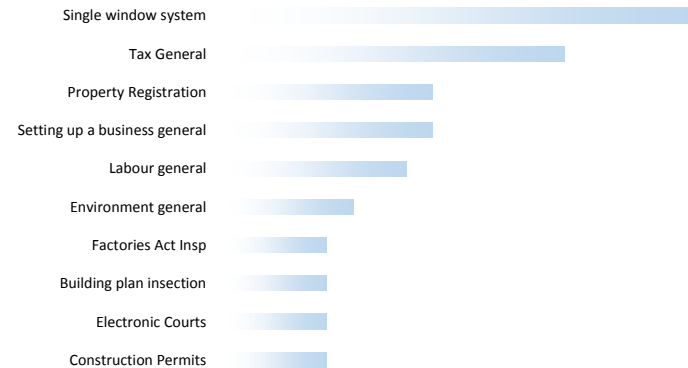
4.7 Chhattisgarh

Overall implementation: 62.45%

Area-wise Implementation Status	Good Practices

Chhattisgarh — Aspiring Leaders Avg. — National Avg.
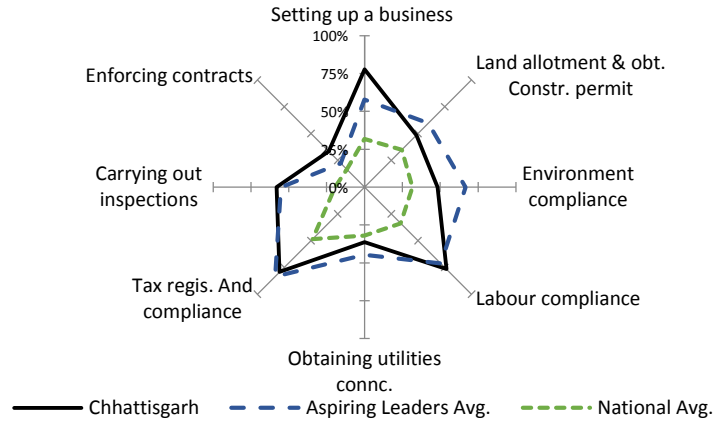
The State Investment Promotion Board acts as the nodal agency for facilitating industry. The State has enacted The Chhattisgarh Lok Sewa Guarantee Act 2011 and Chhattisgarh Audyogik Nivesh Protsahan Adhiniyam, 2002 which covers all departments, and mandates time bound delivery of services and punitive provisions to deter officials from not complying with the defined timelines.

Key Initiatives Implemented	Future Areas of Improvement

- **Construction Permits**: Implemented an online mechanism to assess Building Plans;
- **Taxes**: Mandated online payment and same-day registration for VAT
- **Labour**: Allows self-certification and third-party certification of boilers;
- **Labour**: Implemented an online system to allocate inspectors and requires submission of inspection reports within 72 hours;
- **Labour:** Introduced an integrated inspection procedure for entities registered under Voluntary Compliance Scheme for various labour laws - inspections will be carried out once every 5 years with prior notice
- **Environment:** Developed an online consent management system for all environment related consents
- **Enforcing contracts**: Filled up more than 80% of vacancies for judges in district courts

Construction Permits
Environment general
Property Registration
Availability of Land
Luxury Tax Reg
Electricity Connection
Tree felling Inspection
Electronic Courts
Setting up a business general
Water Act Inspection
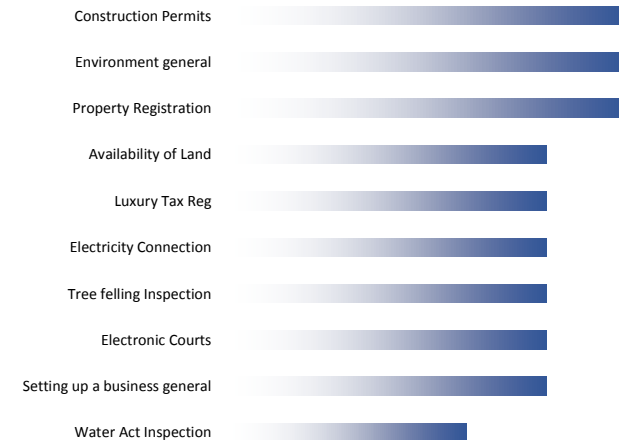
4.8 Delhi

Overall implementation: 37.35%

Area-wise Implementation Status	Good Practices

Radar chart legend: —— Delhi – – – Acceleration Reqd Avg. - - - - National Avg.
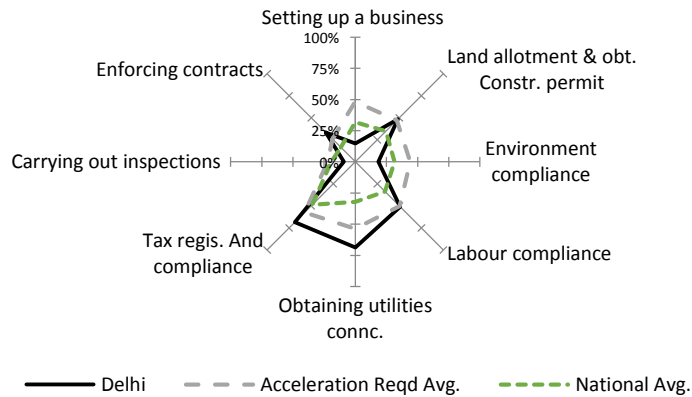
E-SLAs have been defined for time bound delivery of services under the Delhi (Right to Citizen to Time bound Delivery of Services) Act 2011 wherein over 360 services across various departments are covered

The DVAT department has mandated electronic registration for VAT and a provisional RC along with valid TIN No. is generated within one day from the date of application

Key Initiatives Implemented	Future Areas of Improvement

- **Taxes:** Implemented an online system for VAT, CST, Luxury tax and Entertainment tax related services;
- **Construction Permits**: Implemented a mechanism to upload and verify building plans online;
- **Construction Permits**: Zonal plans made available online;
- **Environment**: Implemented an online consent management system for consents and authorizations that allows online payment of fees;
- **Environment**: CTOs for Green and Orange industries are valid for 10 and 5 years respectively;
- **Labour**: Grants Factories license with validity of 5 years;
- **Infrastructure:** Implemented an online application for electricity connections.

Future Areas of Improvement (bar chart):
- Single window system
- Property Registration
- Labour general
- Tax General
- Min Wages Inspection
- Eq Remuneration Insp
- Tree felling Inspection
- Electronic Courts
- Setting up a business general
- Environment general
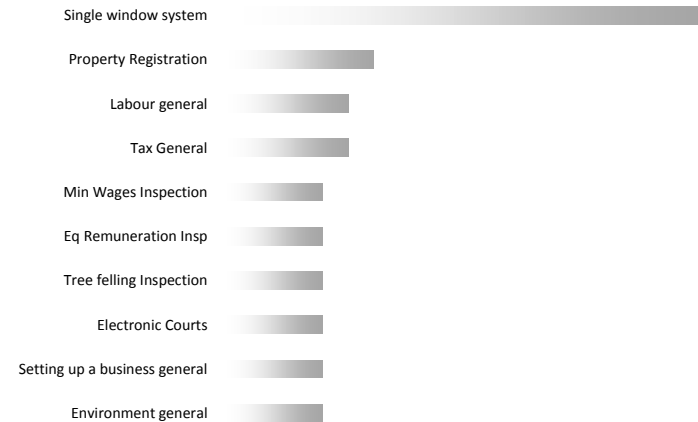
4.9 Goa

Overall implementation: 21.74%

| **Area-wise Implementation Status** | **Good Practices** |

Goa — Jump Start Needed Avg. — National Avg.
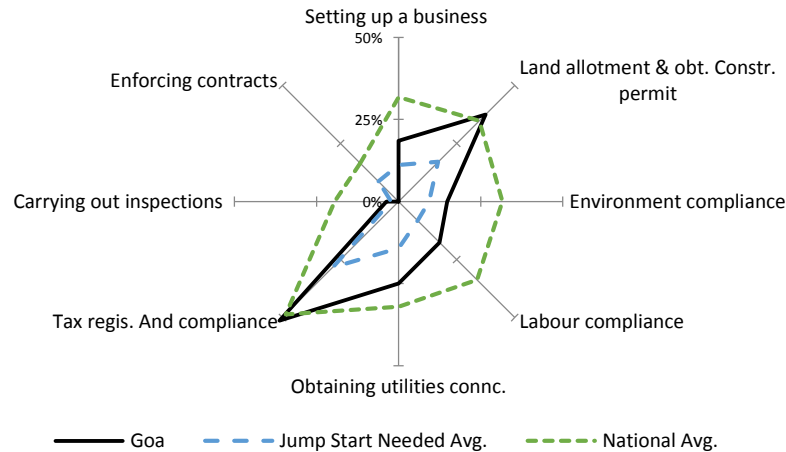
Enactment of Voluntary Compliance Scheme for Labour Department empowering the officials as well as investors in provisioning of services in a hassle free and time bound manner

Formulation of Investment Promotion and Facilitation Board in Goa to assist the investor in obtaining clearances in a timely manner; facilitate all statutory clearances, including consent to operate and be responsible to deliver services in time bound manner

| **Key Initiatives Implemented** | **Future Areas of Improvement** |

- **Starting a Business**: Enacted a comprehensive Right to Services Act with several business relevant services and timelines;
- **Construction Permit**: Published a comprehensive procedure and methodology for Building Plan Approval and land allotment;
- **Environment**: Implemented an online Consent Management System for various clearances and certificates.
- **Environment**: Clearly bifurcates requirements for industries on the basis of pollution levels
- **Taxes:** Implemented an online portal for registration, payment and returns' filing under all State taxes;
- **Labour**: Allows self-certification/third party certification of boilers;
- **Labour**: Factory License issued with validity of 5 years or more.

Single window system
Property Registration
Environment general
Electricity Connection
Electronic Courts
Labour general
Setting up a business general
Min Wages Inspection
Eq Remuneration Insp
Tree felling Inspection
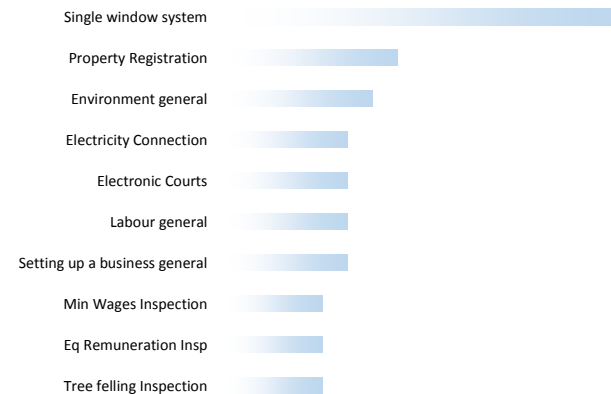
4.10 Gujarat

Overall implementation: 71.14%
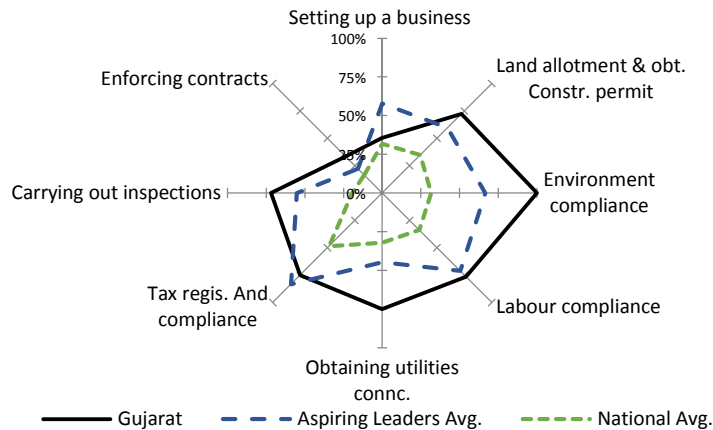
| **Area-wise Implementation Status** | **Good Practices** |

Gujarat has introduced an Investor Support System to facilitate investors in ascertaining suitable locations for setting up an industry. It provides GIS enabled layered maps of the land parcels (earmarked for industrial use) available in the State. Additionally, the system enables provision of speedy clearances to the investors.

| **Key Initiatives Implemented** | **Future Areas of Improvement** |

- **Single window**: Set up an Investor Facilitation Portal that provides details and timelines for various services across government departments;
- **Labour**: Enacted an online workflow-based web application for applying for registrations and renewals;
- **Labour**: Introduced integrated inspection procedures enabling joint inspections and timely submission of reports;
- **Environment**: Implemented an end-to-end online system for consents and authorizations with fee calculation functionality;
- **Taxes**: Institutionalized an online system for VAT, CST and Professional Tax related services;
- **Taxes**: Mandates issuance of VAT and Professional Tax registration certificates within one working day.
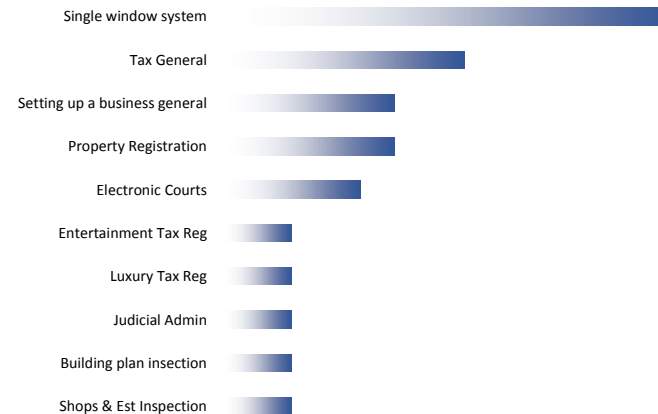
4.11 Haryana

Overall implementation: 40.66%

| **Area-wise Implementation Status** | **Good Practices** |

Legend: Haryana — — Acceleration Reqd Avg. — — — National Avg.
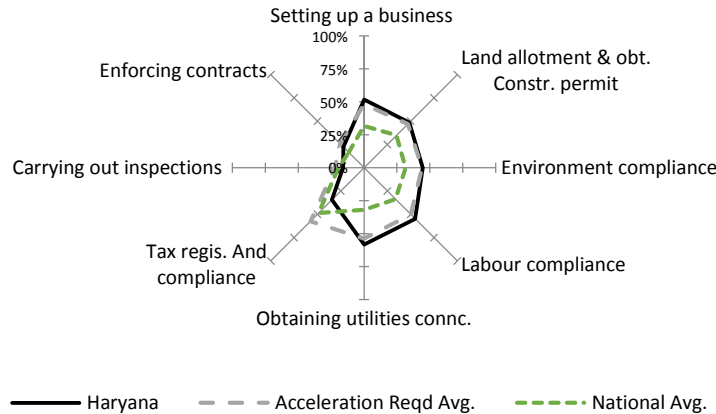
As part of its roadmap for 2015, the Government of Haryana has initiated a number of reform measures in the streamline the regulatory burden associated with doing business. These efforts include streamlining and implementing online mechanisms across departments including Town & Country Planning, Urban Local Bodies, Labour, Environment Departments and HSIIDC.

Key Initiatives Implemented

- **Single Window**: Single window clearance constituted and housed within CMO whereby all clearances shall be granted within 2 months;
- **Registrations**: Streamlined and online service delivery under Town & Country Planning, Urban Local Bodies, Labour, Environment Departments and HSIIDC;
- **Construction Permit**: Allows third party certification of structural design and architectural drawings by authorized structural engineers / architects;
- **Environment**: A number of Green industries have been exempted from PCB clearances;
- **Labour**: Allows self-certification under various labour laws; Factories licenses are issued with validity of over 5 years
- **Enforcing Contracts**: Publish e-cause lists for district courts.

Future Areas of Improvement

Tax General
Environment general
Setting up a business general
Property Registration
Single window system
Entertainment Tax Reg
Luxury Tax Reg
Shops & Est Inspection
Electronic Courts
Electricity Connection
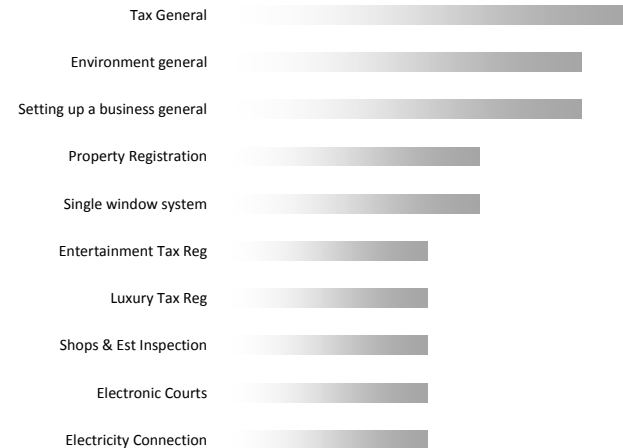
4.12 Himachal Pradesh

Overall implementation: 23.95%

Area-wise Implementation Status	Good Practices

Himachal Pradesh ▬▬▬ Jump Start Needed Avg. ▬ ▬ ▬ National Avg. ▪▪▪▪
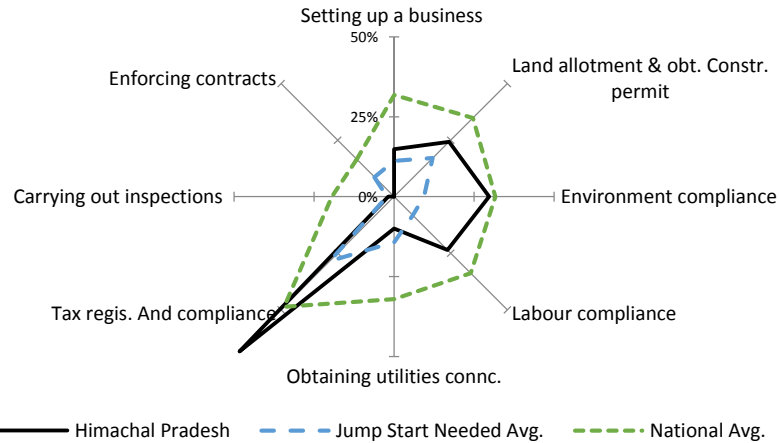
The State has implemented a comprehensive and seamless online solution for clearances and authorizations under various environment and pollution related Acts applicable in the State. The system provides the features of filling an application online. The system also provides functionalities such as application status tracking, fee calculation based on the type of industry etc.

Key Initiatives Implemented	Future Areas of Improvement

- **Starting a Business**: Allows online filing of EM Part 1 and Part 2;
- **Starting a Business:** Developed a Common Application Form
- **Environment:** Implemented an online Consent Management System for clearances and certificates
- **Labour:** Implemented a comprehensive online system for Labour related services
- **Taxes**: Implemented a seamless online system for registration, payments and returns' filing under various State taxes.
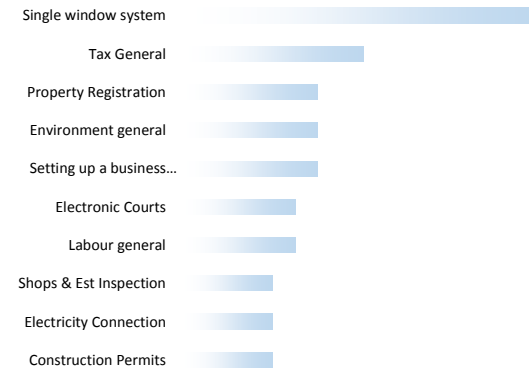
4.13 Jammu & Kashmir

Overall implementation: 5.93%
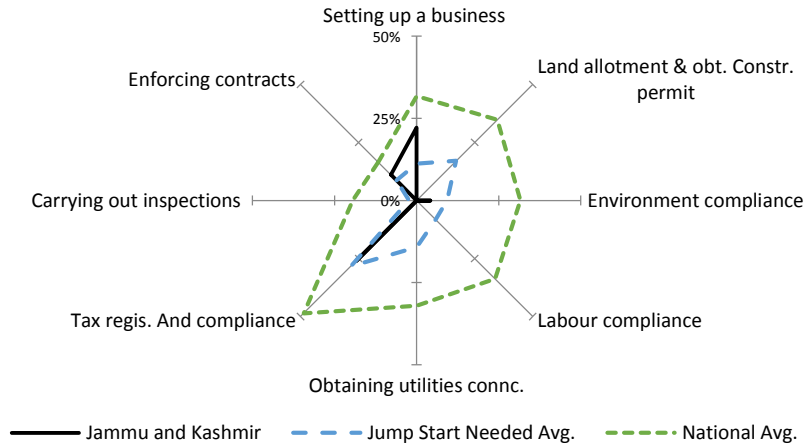
Area-wise Implementation Status	Good Practices

Jammu and Kashmir enacted the Public Service Guarantee Act, 2011. The Act covers a number of services related to setting up of an industry/ business in the State. The services range from that from commercial tax, power, pcb (under forest), to industries (EM-I/ EM-II). The Act also lists punitive provisions for cases where service (s) is/ are not delivered within the stipulated timelines.

Key Initiatives Implemented	Future Areas of Improvement

- **Starting a Business**: Developed a Common Application Form;
- **Environment**: Implementation of an online Consent Management System for various pollution and environment related clearances and certificates;
- **Infrastructure**: Defined clear timelines for provisioning of electricity, water and sewage connections;
- **Taxes**: Implemented an online system for e-filing of returns and e-payments under VAT and CST.
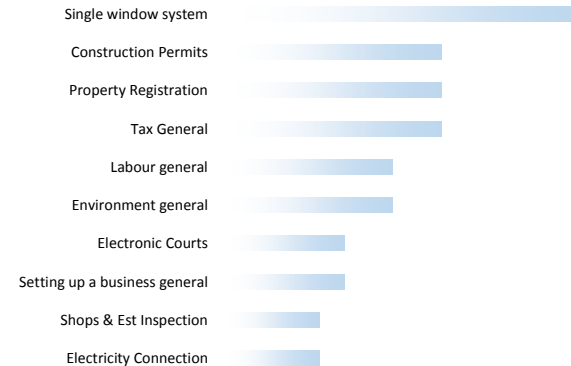
4.14 Jharkhand

Overall implementation: 63.09%

Area-wise Implementation Status

— Jharkhand - - - Aspiring Leaders Avg. - - - National Avg.
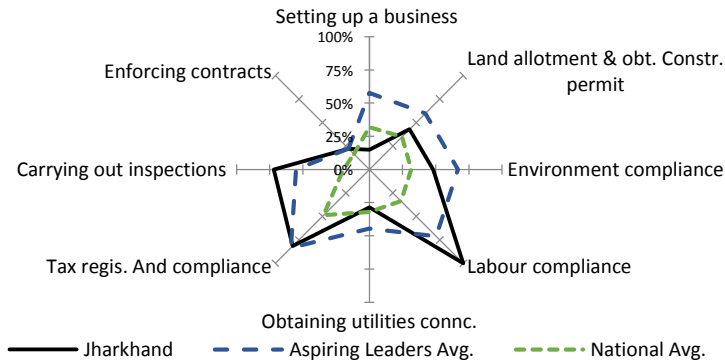
Good Practices

The Department of Labour provides a one-stop solution through a comprehensive online workflow based backend integrated portal (CLMS) encompassing all the services offered by the Department. The portal allows online registration, licensing and renewal under the various Labour Acts and also allows of computerized allocation of inspectors. The Department has introduced Self-Certification for renewal and returns & mandated a single joint inspection every 5 years under the 14 Labour Laws.

Key Initiatives Implemented

- **Property Registration**: Automated property registration through the Jharkhand Automated Registration System' (JARS) which includes e-registration and e-stamping. The web-based application e-Nibandhan allows for Online Search of Index Registers, Registration of Deeds, Return Filling of Societies etc.;
- **Environment**: Implemented a dedicated online consent management system for the key statutory clearances related to the State Pollution Control Board. 58 types of industries have also been exempted from the requirement of pollution control board clearances;
- **Taxes**: Computerized the Department of Commercial Taxes to allow for e-registration of VAT and CST, and e-payment and e-filling of returns for VAT, CST, Professional Tax and Entertainment Tax, and e-Waybill;
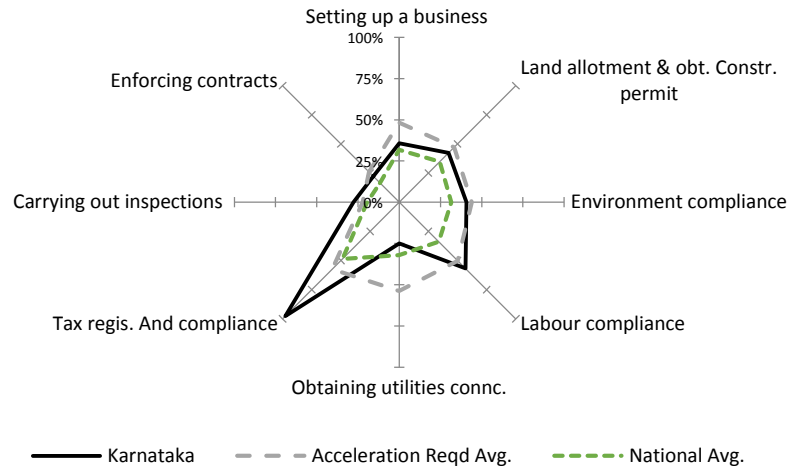- **Land**: Institutionalized an objective assessment framework for land allocation.

Future Areas of Improvement
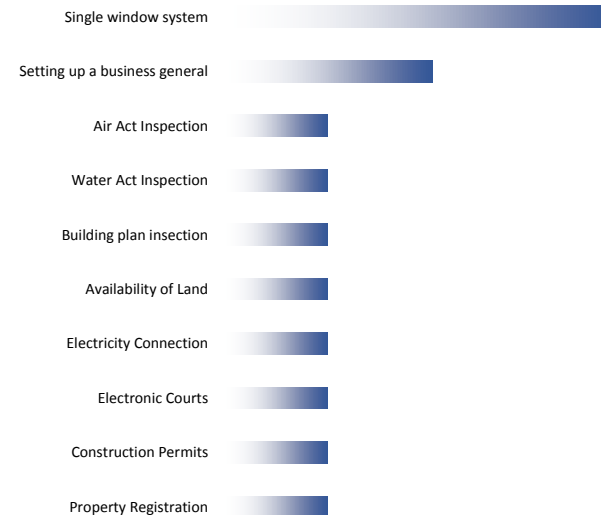
4.15 Karnataka

Overall implementation: 48.50%

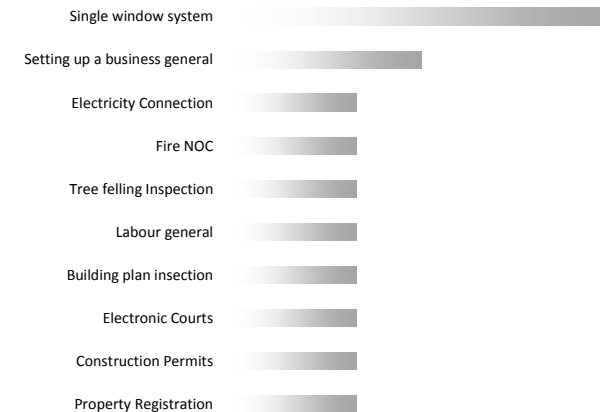| Area-wise Implementation Status	Good Practices

Karnataka enacted the Karnataka Sakala Services Act 2011 which covers 669 services of more than 50 departments/institutions for provision of services within the stipulated timeline. The web portal provides detailed procedures, documents required, workflow and timelines for all the services enlisted.

All services of the Commercial Tax Department have been made online to allow for e-registration, e-filing of returns, e-payments and downloading of final certificates eliminating all physical touch points.

Area-wise Implementation Status chart

Setting up a business — 100% / 75% / 50% / 25% / 0%
Land allotment & obt. Constr. permit
Environment compliance
Labour compliance
Obtaining utilities connc.
Tax regis. And compliance
Carrying out inspections
Enforcing contracts

— Karnataka – – Acceleration Reqd Avg. ---- National Avg.

Key Initiatives Implemented

- **Single Window**: Constituted a single window clearance mechanism as per Karnataka Industries (Facilitation) Act, 2002 for approvals of investment proposals in the State
- **Environment**: Implemented an online Consent Management System of the KSPCB with provision for calculation and payment of fees
- **Labour:** Developed the eKarmika portal for all services under The Shops and Establishment Act, thereby eliminating all physical touch points.
- **Construction Permits**: Introduced online approval and verification of building plans through Pre-DCR and AutoCAD software
- **Taxes**: Introduced an online platform for registration, filing and payment under various State taxes
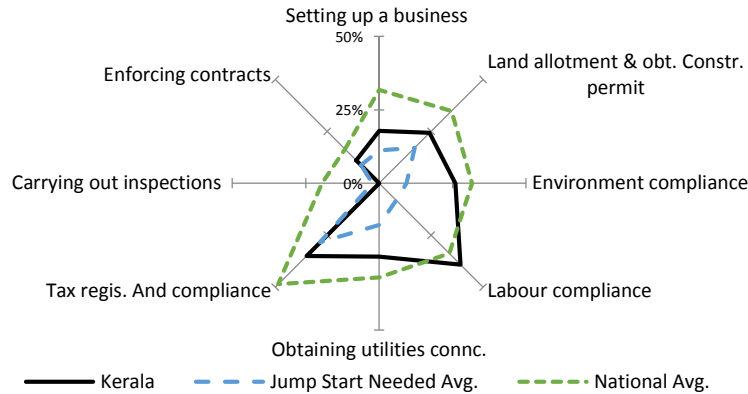
Future Areas of Improvement

Single window system
Setting up a business general
Electricity Connection
Fire NOC
Tree felling Inspection
Labour general
Building plan insection
Electronic Courts
Construction Permits
Property Registration

4.16 Kerala

Overall implementation: 22.87%

Area-wise Implementation Status	**Good Practices**

Setting up a business
50%
Land allotment & obt. Constr. permit
Enforcing contracts
25%
Environment compliance
Carrying out inspections
0%
Tax regis. And compliance
Labour compliance
Obtaining utilities connc.

—— Kerala   — — Jump Start Needed Avg.   ----- National Avg.

Kerala has enacted a comprehensive Right to Services Act with several industry/ business relevant services and corresponding timelines. The Act covers a number of departments/ agencies and provides clear timelines for the delivery of the services cited. Also, the Act defines the related punitive provisions in case the timelines are not met.

Key Initiatives Implemented

- **Starting a Business**: Enacted a comprehensive Right to Services Act with several services and corresponding timelines;
- **Starting a Business**: Allows online application, approvals and status tracking of EM Part 1 and Part 2
- **Environment**: Implemented an online Consent Management System for various clearances and certificates;
- **Construction Permits**: Implemented systems like Auto CAD to assess building plans;
- **Labour**: Allows IT/ITeS industry to self-certify under a number of Labour Acts;
- **Labour:** Published procedures and processes for registrations/renewals under a number of Labour Laws;
- **Taxes:** Implemented an online system for e-registration, e-payment and e-filing of returns' under VAT and CST.
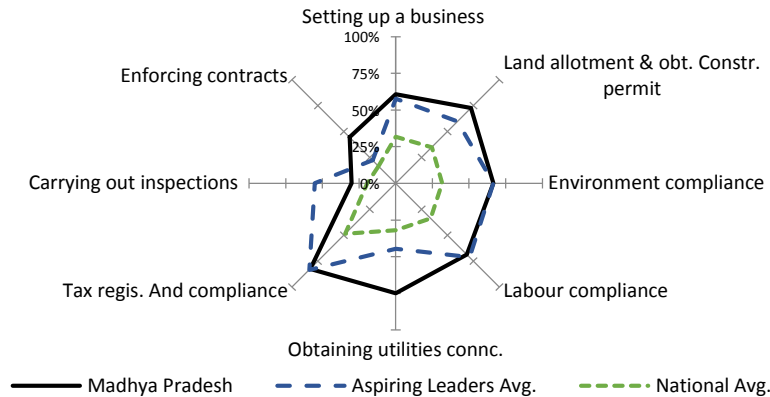
Future Areas of Improvement

Single window system
Tax General
Property Registration
Environment general
Electricity Connection
Electronic Courts
Construction Permits
Setting up a business general
Tree felling Inspection
Building plan insection
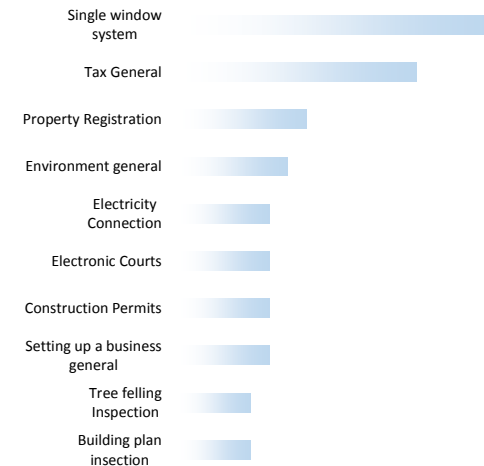
4.17 Madhya Pradesh

Overall implementation: 62.00%

Area-wise Implementation Status	Good Practices

Madhya Pradesh — Aspiring Leaders Avg. — National Avg.
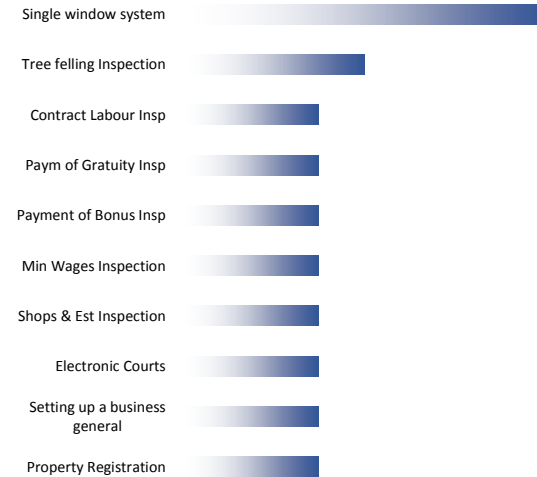
The Government of Madhya Pradesh has implemented a Voluntary Compliance Scheme whereby i) separate schemes under each labour law are no longer required; ii) only a single return is required to be filed annually instead of 13 returns; iii) only one register is required to be maintained; and iv) integrated inspection procedures have been introduced, enabling joint inspections and submission of reports within 72 hours. Inspections will be conducted once every 5 years.

Key Initiatives Implemented	Future Areas of Improvement

- **Single Window**: MPTRIFAC has been constituted as the nodal agency of the single window clearance mechanism with a centralized helpline;
- **Construction Permits**: Introduced a Comprehensive Automated Building Plan Approval System(ABPAS) that allows online application, status tracking, scrutiny of drawings, uploading remarks/reports/photographs via mobile during site inspections, calculation of fees & online payment, issuance of final certificate and MIS;
- **Environment**: Over 540 industries have been identified to receive streamlined PCB clearance procedures;
- **Environment**: Introduced an online system for consents/authorizations which allows fee calculation, online payment and downloading digitally signed certificates;
- **Infrastructure**: Only 2 documents are required for electricity connections. Pollution control certificates are not required.
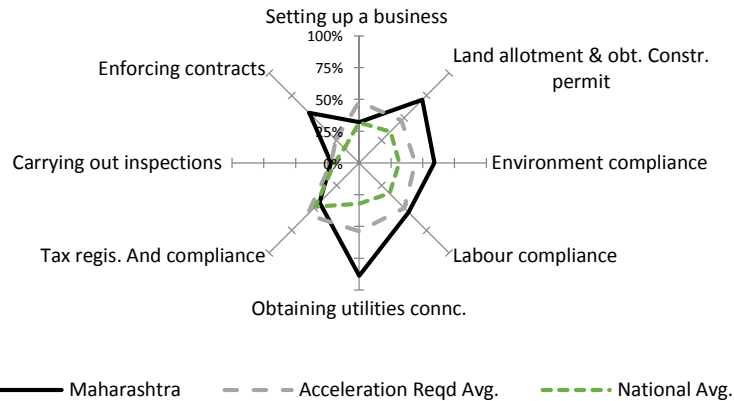

Single window system
Tree felling Inspection
Contract Labour Insp
Paym of Gratuity Insp
Payment of Bonus Insp
Min Wages Inspection
Shops & Est Inspection
Electronic Courts
Setting up a business general
Property Registration

4.18 Maharashtra

Overall implementation: 49.43%
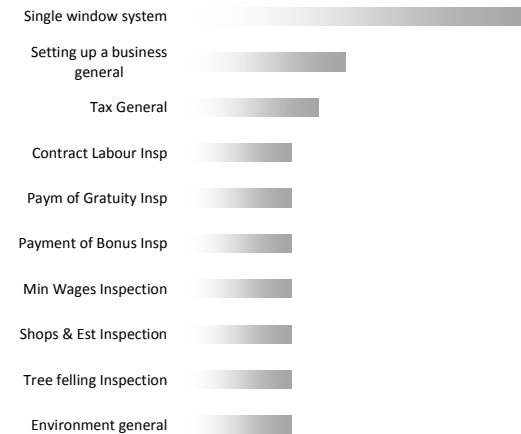
Area-wise Implementation Status	**Good Practices**

Maharashtra Industry, trade and investment facilitation cell (MAITRI) is envisaged to provide guidance to investors through handholding support, an online portal and management of various departments/ agencies. Additionally, MAITRI works as the sole point of clearing various investment related clearances, incentives, subsidies, grievances, etc.

Key Initiatives Implemented	**Future Areas of Improvement**

- **Single Window**: Commissioned a dedicated team to address queries;
- **Land**: Published procedures and timelines for land allotment;
- **Land**: Comprehensively digitized all land banks in the State, and has been indexed at all the levels of administrative setup
- **Construction Permits**: Mandated a single joint inspection by various departments;
- **Labour**: Harmonized provisions for self-certification under a number of labour Acts;
- **Infrastructure**: Provided detailed information on procedure and timelines for obtaining various infrastructure connections;
- **Tax**: Implemented an online system for tax related processes;
- **Enforcing Contracts**: Introduced eGovernance initiatives in law and judiciary department and created specialized courts relating to commercial disputes.
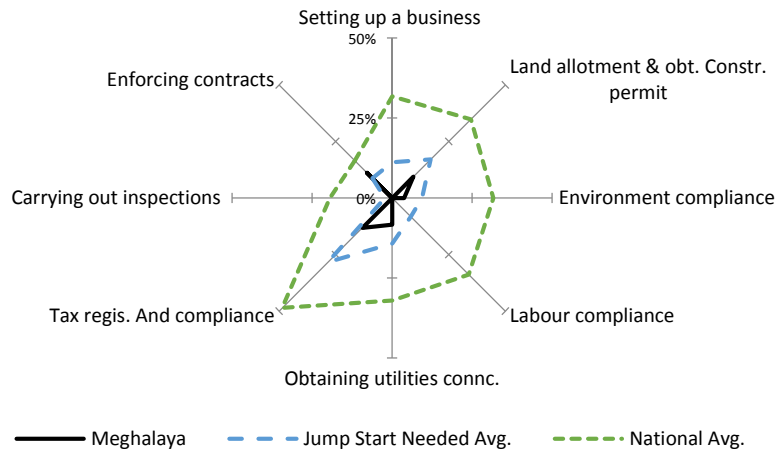

Single window system

Setting up a business general

Tax General

Contract Labour Insp

Paym of Gratuity Insp

Payment of Bonus Insp

Min Wages Inspection

Shops & Est Inspection

Tree felling Inspection

Environment general

4.19 Meghalaya

Overall implementation: 4.38%

| Area-wise Implementation Status | Good Practices |

Area-wise Implementation Status chart with axes: Setting up a business (50%), Land allotment & obt. Constr. permit, Environment compliance, Labour compliance, Obtaining utilities connc., Tax regis. And compliance, Carrying out inspections, Enforcing contracts. Scale markings at 0%, 25%, 50%. Legend: Meghalaya, Jump Start Needed Avg., National Avg.

Although the single window system is under implementation in Meghalaya and most services and statutory clearances required in the State are currently being delivered manually, the Department of Commercial Taxes had introduced automation in the year 2012. A number of back-end processes, including Registration for VAT, payment of taxes, way-bills administration, transit passes, processing of VAT returns, dealer verification, commodity search, and MIS reporting have been computerized. The development of online De-Mat Waybill, e-Audit, e-TDS is under progress & will be rolled out soon.

Key Initiatives Implemented

- **Taxes**: Computerization of Department of Commercial Taxes to provide online services like e-Registration of VAT, e-payment of VAT and CST, e-filing of VAT returns, and issuance of waybills;
- **Environment**: Exemption of small-scale, cottage/village industries from requiring a No Objection Certificate or consent from the State Pollution Control Board;
- **Construction Permits**: Simplification of the procedure of granting construction permits by waiving off the requirement of a no-tax due certificate and affidavit certifying non-stacking of building material on public land, during filing of application;
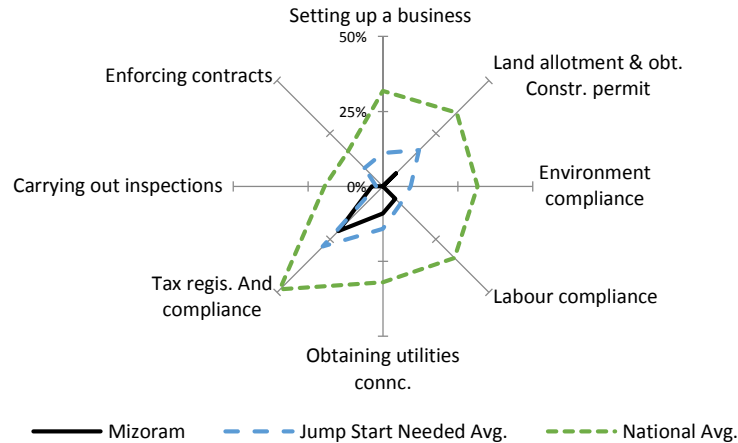
Future Areas of Improvement

Horizontal bar chart showing Future Areas of Improvement: Single window system, Tax General, Property Registration, Setting up a business general, Environment general, Construction Permits, Electronic Courts, Labour general, Tree felling Inspection, Electricity Connection.
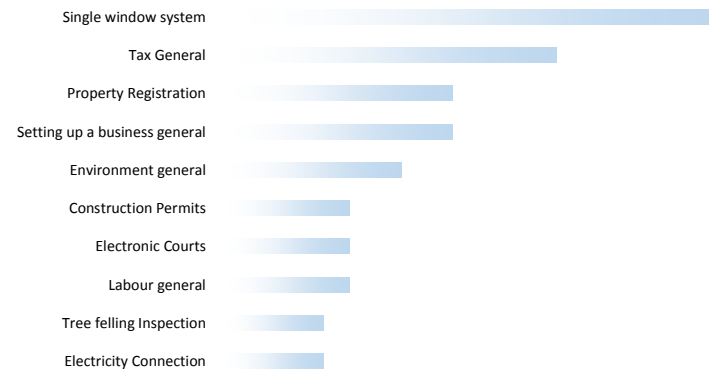
4.20 Mizoram

Overall implementation: 6.37%

| **Area-wise Implementation Status** | **Good Practices** |

Radar chart legend:
— Mizoram – – – Jump Start Needed Avg. ----- National Avg.

Chart axes: Setting up a business (50%, 25%, 0%), Land allotment & obt. Constr. permit, Environment compliance, Labour compliance, Obtaining utilities connc., Tax regis. And compliance, Carrying out inspections, Enforcing contracts

The Taxation Department, Government of Mizoram has completed the computerization of e-registration of VAT and CST, and e-payment and e-filling of returns for VAT, CST, and e-Waybills. The official website of Taxation Department, zotax.nic.in, has been rated as "Excellent" amongst the 112 Government Websites in Mizoram. The following services are provided online to the consumers/industry in a time bound manner.

| **Key Initiatives Implemented** | **Future Areas of Improvement** |

- **Labour**: Clear timelines have been defined for approval of applications for License for contractors under The Contracts Labor act and for registration under The Shops and Establishment Act.
- **Taxes**: The Department of Commercial Taxes has been computerized to allow e-registration of VAT and CST, and e-payment and e-filling of returns for VAT, CST and e-Waybills.
- **Infrastructure**: Clear timelines have been defined for obtaining electricity connections.


Future Areas of Improvement (bar chart):
Single window system
Tax General
Setting up a business general
Property Registration
Environment general
Construction Permits
Electronic Courts
Labour general
Tree felling Inspection
Electricity Connection
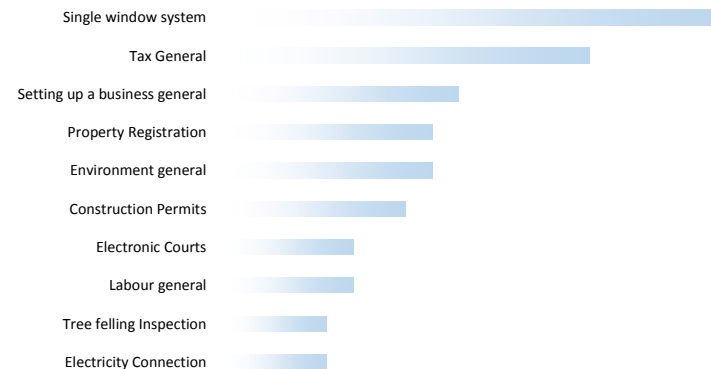
4.21 Nagaland

Overall implementation: 3.41%

| **Area-wise Implementation Status** | **Good Practices** |

Nagaland —— Jump Start Needed Avg. – – – National Avg. – – – –
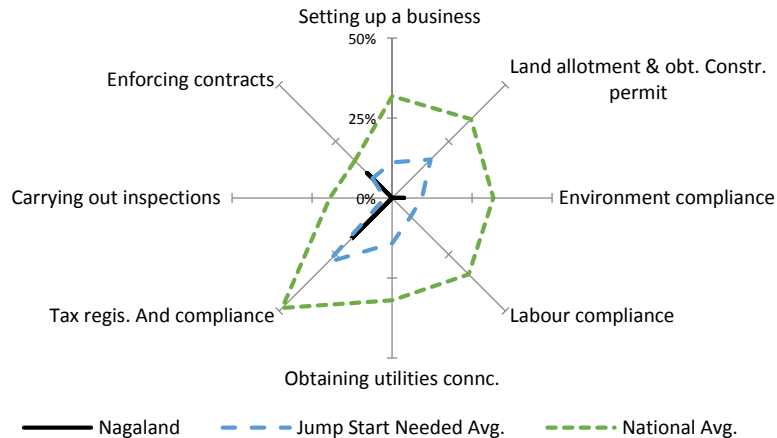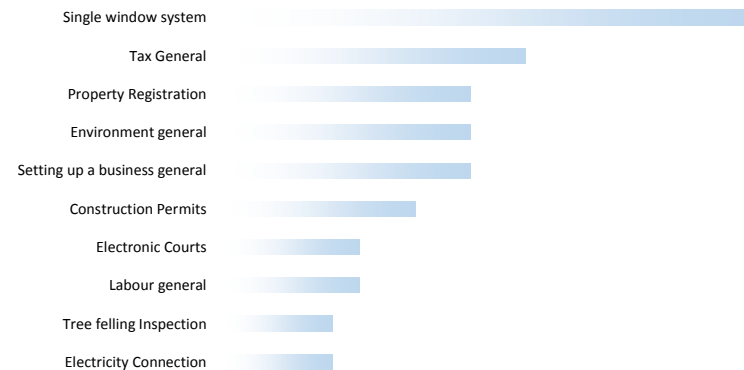
Although the single window system is under development and most services / statutory clearances are currently being delivered manually, the Department of Commercial Taxes has considerably automated its service delivery to provide e-registration for VAT and CST, e-payment for VAT, CST and Entertainment Tax, e-returns, e-waybill, transit pass, e-refunds with comprehensive user manuals for facilitating the dealers. The Department has also set up 9 dedicated dealer facilitation centers in the State.

| **Key Initiatives Implemented** | **Future Areas of Improvement** |

- **Taxes**: Computerized the Department of Commercial Taxes and roll out online services like e-registration for VAT and CST, e-payment for VAT, CST and Entertainment Tax, e-returns, e-waybill, transit pass, e-refunds, form and TIN verification etc.
- **Taxes**: The Department has implemented a dedicated email address for query resolution / assisting dealers in using e-services.
- **Environment**: Published on the department website detailed procedures, a comprehensive list of documents and forms fees for obtaining Consents.

Single window system
Tax General
Property Registration
Environment general
Setting up a business general
Construction Permits
Electronic Courts
Labour general
Tree felling Inspection
Electricity Connection

4.22 Odisha

Overall implementation: 52.12%

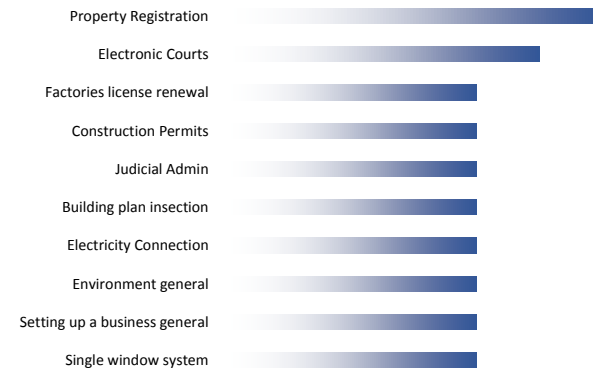| **Area-wise Implementation Status** | **Good Practices** |

Odisha — Aspiring Leaders Avg. — National Avg.
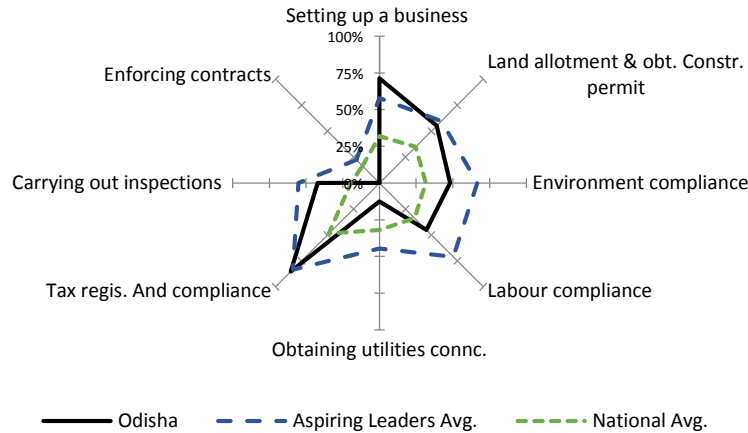
The Department of Industries, Government of Odisha, through the single window system and common application form, has undertaken several reforms to provide one-stop solution encompassing various services offered by departments. Clear timelines for getting various clearances required for an industry or business are provided under The Odisha Right to Public Services Act, 2012.

Key Initiatives Implemented

- **Labour**: Implemented a Voluntary Compliance Scheme for industries and commercial establishments under 18 labour acts and reduced inspection frequency to once every 3 years.
- **Taxes**: Computerized the services of Department of Commercial Taxes to allow e-registration of VAT and CST as well as e-payment and e-filling of returns for VAT,CST, Professional Tax and Entry Tax.
- **Labour**: Allows self-certification under various labour laws
- **Environment**: Implemented anonline consent management system for approvals and authorizations
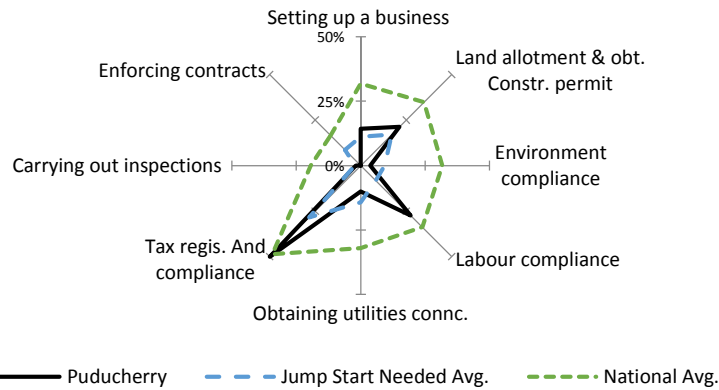- **Environment**: CTO is issued with a validity of 5 years or more

Future Areas of Improvement

Property Registration
Electronic Courts
Factories license renewal
Construction Permits
Judicial Admin
Building plan insection
Electricity Connection
Environment general
Setting up a business general
Single window system

4.23 Puducherry

Overall implementation: 17.72%

| **Area-wise Implementation Status** | **Good Practices** |

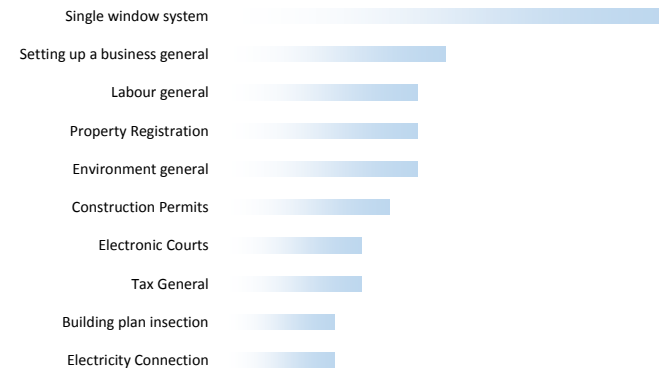Puducherry — Jump Start Needed Avg. — National Avg.

The Government of Puducherry has defined clear timelines for obtaining various approvals related to setting up an industry, getting clearances from pollution control board and registration/ licenses from labour department.

| **Key Initiatives Implemented** | **Future Areas of Improvement** |

- **Single Window**: Implemented a single window system for applications for various clearances;
- **Starting a Business**: Established a central helpline number to respond to investor's queries;
- **Land**: Digitized all land records at the land records office;
- **Taxes**: Computerized the Department of Commercial Taxes to allow e-registration, e-payment, e-filling of returns for VAT, CST;
- **Taxes**: Mandated eRegistration for VAT and CST

Single window system
Setting up a business general
Labour general
Property Registration
Environment general
Construction Permits
Electronic Courts
Tax General
Building plan insection
Electricity Connection

4.24 Punjab

Area-wise Implementation Status	Good Practices

Punjab — Acceleration Reqd Avg. — National Avg.
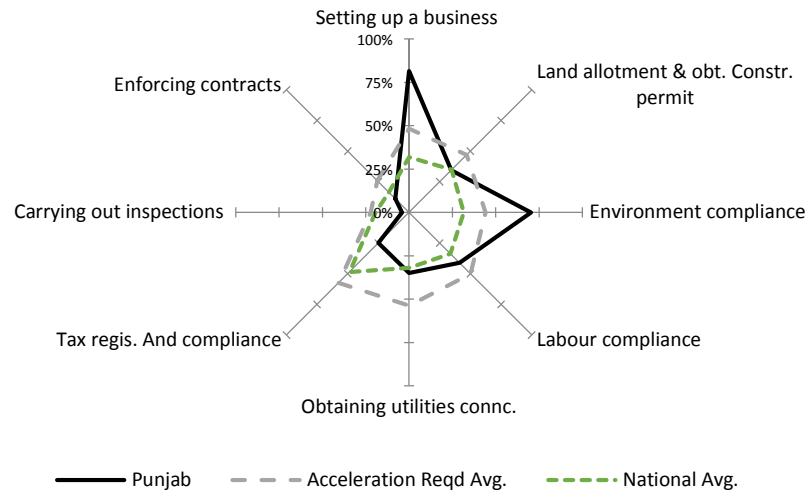
The Punjab Bureau of Investment Promotion (PBIP), Government of Punjab, acts as a unified regulator and provides a one-stop system for all State Regulatory and Fiscal Incentive Approvals. It acts as the single point of contact for the investors and with Senior government officials to act as relationship officers for corporate houses. It is headed by a Chief Executive Officer who is empowered by all regulatory departments to provide approvals. Officers on deputation from all regulatory departments work together as part of the single window. Further, to complement the single window structure, an online workflow based single window portal helps the investor to track approvals real time.

Key Initiatives Implemented	Future Areas of Improvement

- **Single Window**: Implemented a unified to serve as a one-stop shop for all State Regulatory and Fiscal Incentive Approvals;
- **Infrastructure**: Automated the processes of electricity department for New Connection, Extension of Load, and Grant of NOC for Electrical Layout or DG/TG Set as mandated by PSERC. The system automatically tabulates fees and charges and further enables payments through various mechanisms.
- **Pollution**: Implemented an online consent management system with fee calculation and payment functionality.
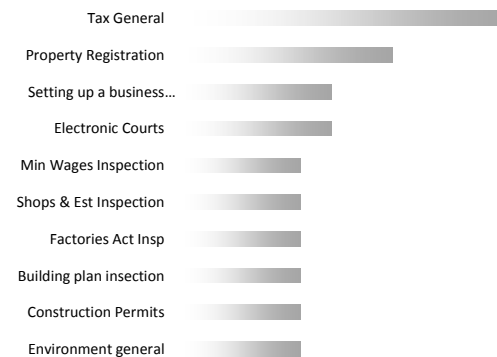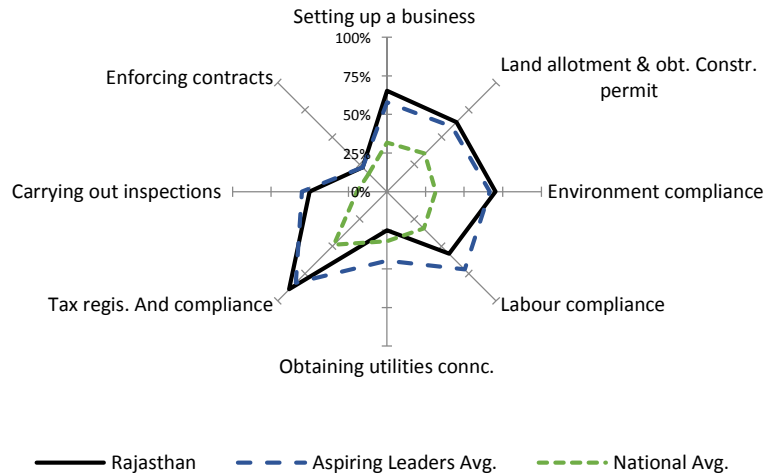
4.25 Rajasthan

Overall implementation: 61.04%

Area-wise Implementation Status

Legend: Rajasthan — Aspiring Leaders Avg. - - - National Avg. - - -
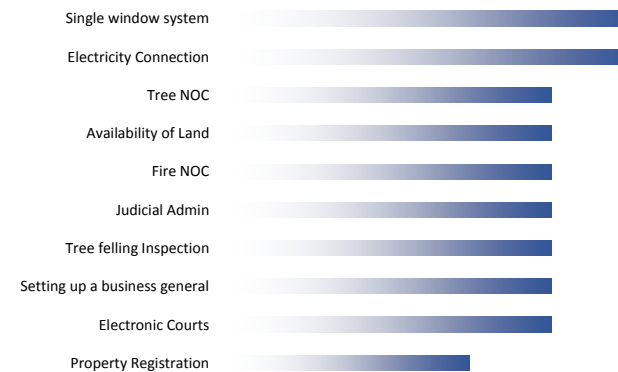
Good Practices

The Government of Rajasthan has introduced a Single Window Clearance system. This single window portal aims to act as a single point of contact for all application and clearances, as well as provides an online portal to track application forms & clearances. The portal also tries to provide information to investors on relevant rules, acts, policies, licensing rules and any other document required for engaging in business.

No separate construction permit is required in RIICO industrial areas for plot sizes up to 40k square metres.

Key Initiatives Implemented

- **Single Window**: Constituted a Single Window Clearance mechanism to provide information on procedures, checklists and timelines across various government departments;
- **Starting a Business**: Allows online filing of EM – I and EM – II;
- **Starting a Business**: Mandated time-bound delivery of services through legislation, and defined punitive provisions for non-compliance;
- **Environment**: Implemented an online consent management system for clearances and authorizations;
- **Labour**: Automated registrations/renewals services of the labour department;
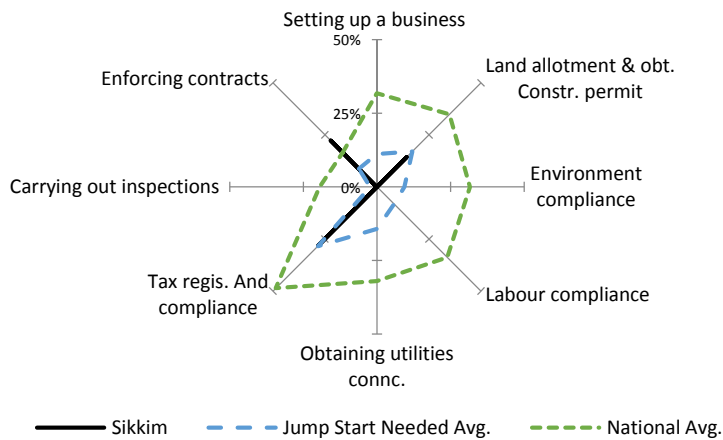- **Labour**: Inspectors require prior approval from higher authorities.

Future Areas of Improvement

- Single window system
- Electricity Connection
- Tree NOC
- Availability of Land
- Fire NOC
- Judicial Admin
- Tree felling Inspection
- Setting up a business general
- Electronic Courts
- Property Registration

4.26 Sikkim

Overall implementation: 7.23%

Area-wise Implementation Status	Good Practices

Setting up a business
50%

Enforcing contracts

Land allotment & obt. Constr. permit

25%

Environment compliance

0%

Carrying out inspections

Labour compliance

Tax regis. And compliance

Obtaining utilities connc.

——— Sikkim – – – Jump Start Needed Avg. ----- National Avg.

Although the single window system is under implementation, the relative proximity of the individual Government departments makes it relatively easy for the entrepreneurs to approach them individually. The number of statutory clearances required in Sikkim for starting a business is lower compared to the other States since a large number labour regulations are not enforced. In the absence of land banks for industrial use, complete liberty is bestowed to the entrepreneur to acquire private land directly. The Department of Commercial Taxes has undergone major computerization and introduced e-registration, e-payment and e-filing of returns for VAT & CST.

Key Initiatives Implemented	Future Areas of Improvement

- **Taxes:** Computerized the Department of Commercial Taxes and rolled out online services like e-Registration, e-payment, filling of returns for VAT, CST and Professional tax to aid the dealers.
- **Taxes:** Provides assistance for e-filing at service centers
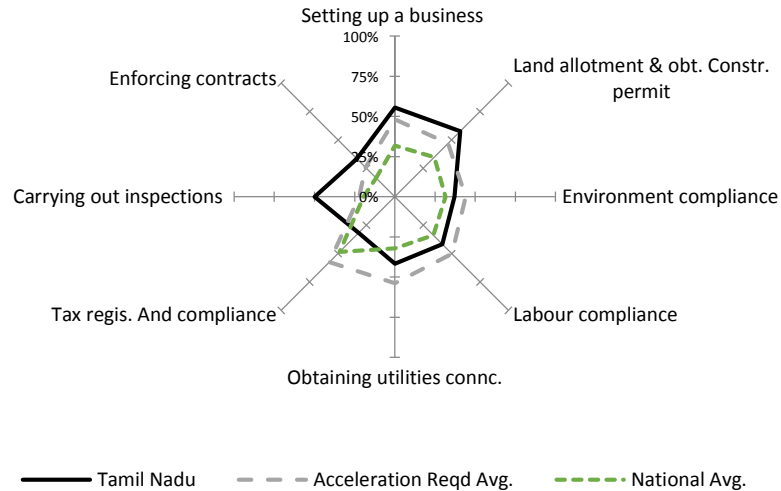- **Enforcing Contracts:** Allows issuance of court orders with the provision of digital signature
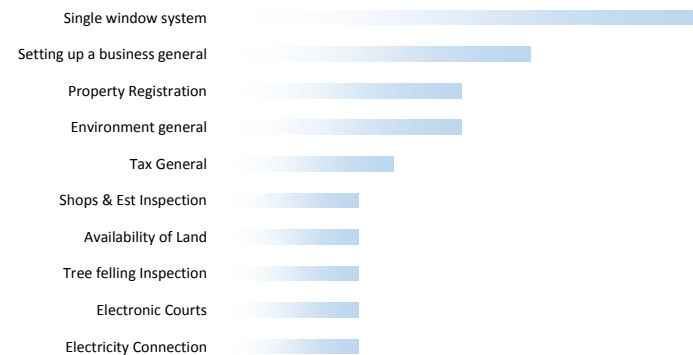
Single window system
Setting up a business general
Property Registration
Environment general
Tax General
Shops & Est Inspection
Availability of Land
Tree felling Inspection
Electronic Courts
Electricity Connection

4.27 Tamil Nadu

Area-wise Implementation Status	Good Practices

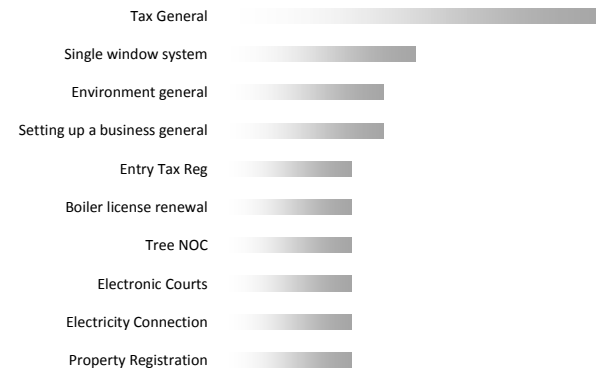Tamil Nadu — Acceleration Reqd Avg. — National Avg.

The State is implementing an ERP based solution (Total Solutions Project) to integrate all applicable State taxes and provide an integrated solution for registration, payment, and return filing. The solution will be an end-to-end online solution.

Additionally, the State provides interactive as well as non-interactive step by step approach to set up a business in the State. The approach is available in public domain and helps an investor obtain information on all required processes in a structured manner.

Key Initiatives Implemented	Future Areas of Improvement

- **Single window**: Constituted Guidance bureau as a single window system for investment promotion and investor facilitation providing time bound approvals. Additionally, State Industries Promotion Corporation of Tamil Nadu Ltd (SIPCOT) has been designated the nodal agency for activities pertaining to promotion of industrial parks and distribution of incentives;
- **Environment**: Implemented an Online Consent Management System to provide an all-inclusive solution to clearances;
- **Construction Permits**: Implemented an online mechanism to assess building plans;
- **Labour:** Allows self-certification under various labour laws
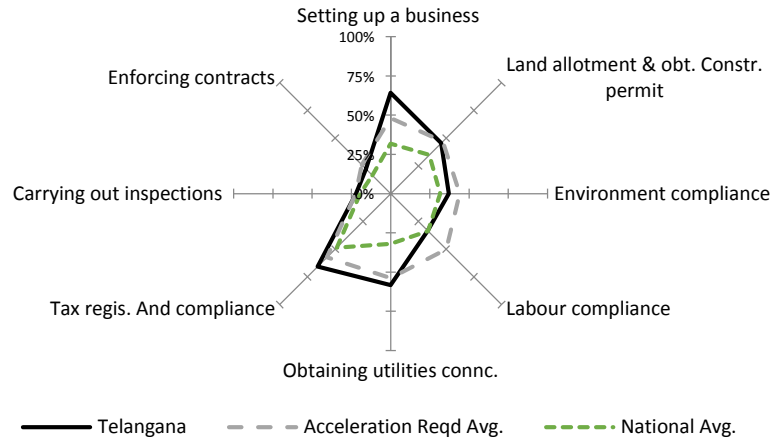- **Labour**: Issues Factory Licenses with validity of 5 years or more

Future Areas of Improvement:
- Tax General
- Single window system
- Environment general
- Setting up a business general
- Entry Tax Reg
- Boiler license renewal
- Tree NOC
- Electronic Courts
- Electricity Connection
- Property Registration

4.28 Telangana

Overall implementation: 42.45%

Area-wise Implementation Status

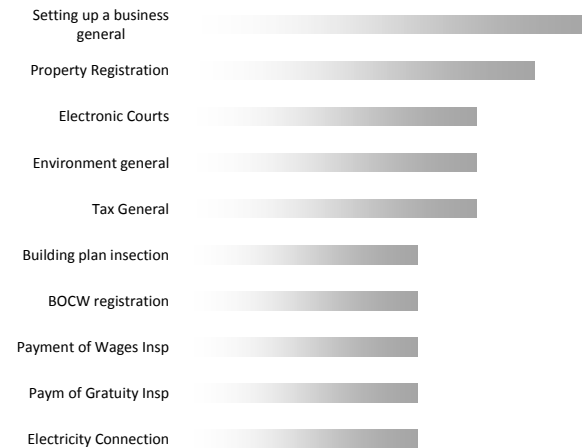Legend: —— Telangana — – – Acceleration Reqd Avg. - - - - National Avg.

Good Practices

The Government of Telangana has formulated the Telangana State Industrial Project Approval and Self Certification System (TS-iPASS) Act, 2014 to provide for speedy processing of various clearances and approvals. A single consolidated TS-iPASS Consent For Establishment and a TS-iPASS Consent For Operation certificate is given for all clearances granted for pre-establishment and pre-operation phases respectively. Self-certification furnished by the entrepreneur is accepted for the purpose of granting clearances by the competent authorities.

Key Initiatives Implemented

- **Environment**: Stipulated timelines for processing and disposal of CFE & CFO applications for Red, Orange and Green category respectively.
- **Single Window**: Approvals and clearances from 17 Departments are included under TS-iPASS with set time limits;
- **Single Window**: Allows deemed approvals and self-certification based approval for applications made through TS-iPASS;
- **Taxes**: Implemented an online system for registrations and return filing under VAT and other State taxes;
- **Enforcing Contracts**: More than 80% vacant district court judge positions have been filled;
- **Infrastructure**: Only 2 documents are required for electricity connections; pollution control certificate is no longer a prerequisite.
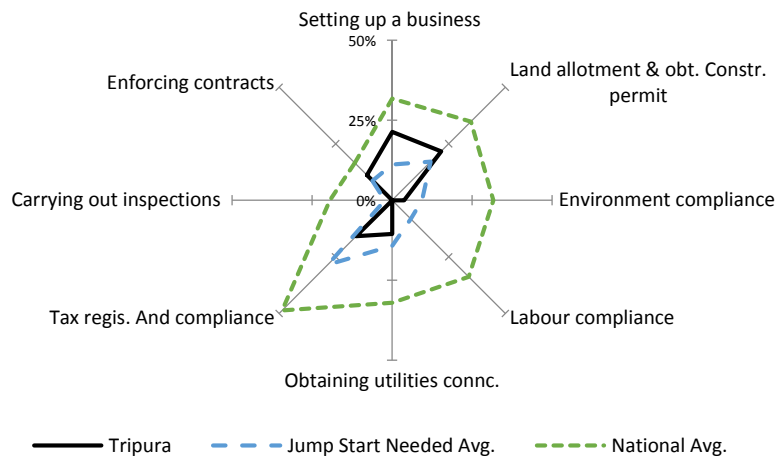
Future Areas of Improvement

4.29 Tripura

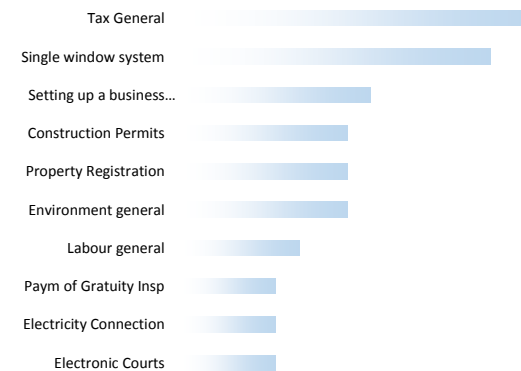**Overall implementation: 9.29%**

Area-wise Implementation Status	Good Practices

Setting up a business 50% / 25% / 0%
Enforcing contracts
Land allotment & obt. Constr. permit
Carrying out inspections
Environment compliance
Tax regis. And compliance
Labour compliance
Obtaining utilities connc.

— Tripura   – – Jump Start Needed Avg.   – – National Avg.

Corroborated by the Industrial Policy introduced by the Government of Tripura in the year 2007 to foster industrial growth in the State, Tripura Industrial Development Corporation limited (TIDC) has demarcated 13 industrial areas/estates for the purpose of industrial development and furnished their details on the Department's website. TIDC has also developed GIS satellite image based layered maps of the land parcels that are available in the State and have been earmarked for industrial use. Furthermore, as a crucial step forward, substantial work has been undertaken in terms of digitizing the existing land records of the State.

Key Initiatives Implemented	Future Areas of Improvement

- **Environment:** Delivery of the key statutory clearances related to the State Pollution Control Board including Consent to Establish, Consent to operate, and Authorization under Hazardous Waste Rules through the Single Window System.
- **Construction Permits:** Published on the department website detailed procedure of application and the comprehensive list of required documents for approval of building plans;
- **Taxes:** Computerized the Department of Commercial Taxes to allow e-payment for VAT and CST, and e-filing of returns for VAT;
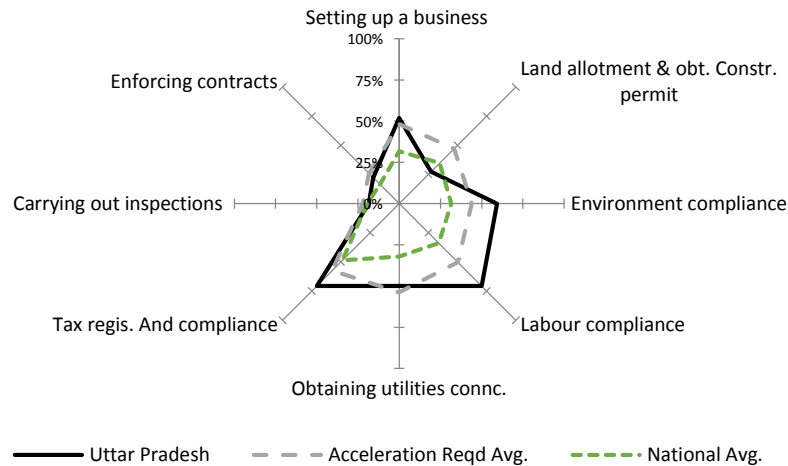- **Land:** Published details of land banks for industrial use.

Tax General
Single window system
Setting up a business…
Construction Permits
Property Registration
Environment general
Labour general
Paym of Gratuity Insp
Electricity Connection
Electronic Courts

4.30 Uttar Pradesh

Area-wise Implementation Status

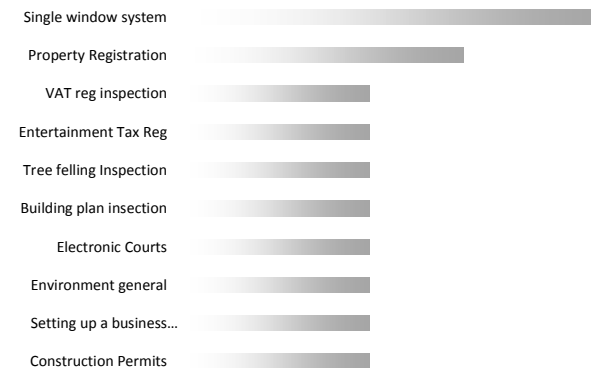Legend: Uttar Pradesh — · — · Acceleration Reqd Avg. ----- National Avg.

Good Practices

The Department of Labour through the online system provides one-stop solutions encompassing all the services offered by the Department. The portal offers several functionalities including online registration, licensing and renewal under the various Labour Acts. The Department has also defined clear timelines and process for registration and renewal of various licenses. The Department has mandated submission of inspection reports under various labour acts within 72 hours of inspection.

Key Initiatives Implemented

- **Single Window**: Implemented a single window system with a common application form for various clearances. Enforces time-bound delivery for the services under the single window system;
- **Starting a Business**: Implemented an online system for filing EM1 and2;
- **Infrastructure**: Reduced the required documents for electricity connections to 2;
- **Environment**: Implemented an online consent management system for application filing and payment eliminating physical touch points;
- **Taxes:** T Department of Commercial Taxes allows e-registration, e-payment and e-filing of returns for VAT and CST;
- **Enforcing Contracts**: Publishes e-cause list for commercial disputes.
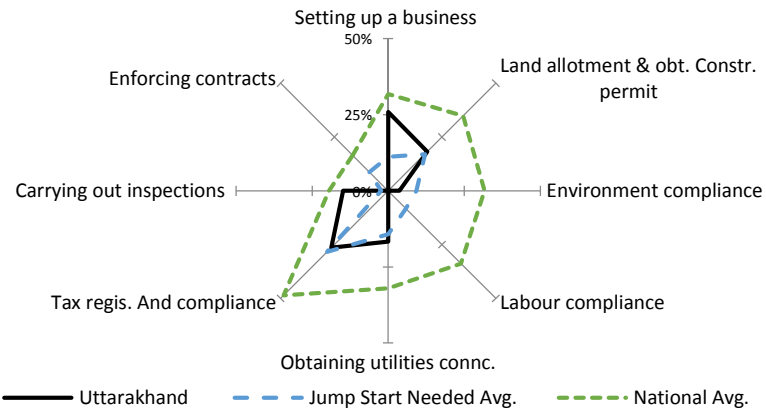- **Labour**: Allows self-certification under various laws.

Future Areas of Improvement

Categories (top to bottom): Single window system, Property Registration, VAT reg inspection, Entertainment Tax Reg, Tree felling Inspection, Building plan insection, Electronic Courts, Environment general, Setting up a business…, Construction Permits

4.31 Uttarakhand

Area-wise Implementation Status	Good Practices

Setting up a business
50%

Land allotment & obt. Constr. permit

Enforcing contracts

25%

Environment compliance

Carrying out inspections

0%

Tax regis. And compliance

Labour compliance

Obtaining utilities connc.

—— Uttarakhand   – – – Jump Start Needed Avg.   ----- National Avg.

The Uttarakhand Enterprise Single Window Facilitation and Clearance Act, 2012 has been enacted for delivery of services and a single window clearance mechanism has been set up. In addition, the State Government is undertaking several reform measures to facilitate time bound delivery of services provide computerized service delivery.

Key Initiatives Implemented	Future Areas of Improvement

- **Single window**: Constituted a nodal agency as part of the single window system;
- **Environment**: Implemented an online consent management system for consents and authorizations;
- **Land**: Digitized land records at land records office;
- **Taxes**: Implemented an online system and a helpline for VAT, CST and Entry Tax related services;
- **Labour:** Mandated submission of inspection reports within 72 hours;
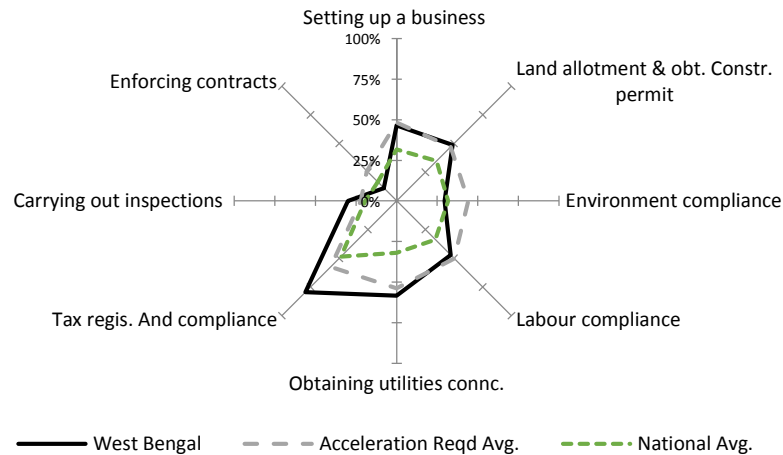- **Starting a Business**: Allows online filing of EM Part I and Part II.

Single window system
Tax General
Property Registration
Environment general
Construction Permits
Labour general
Setting up a business…
Tree felling Inspection
Building plan insection
Electronic Courts

4.32 West Bengal

Area-wise Implementation Status	Good Practices

West Bengal ——— Acceleration Reqd Avg. – – – National Avg. - - - - -
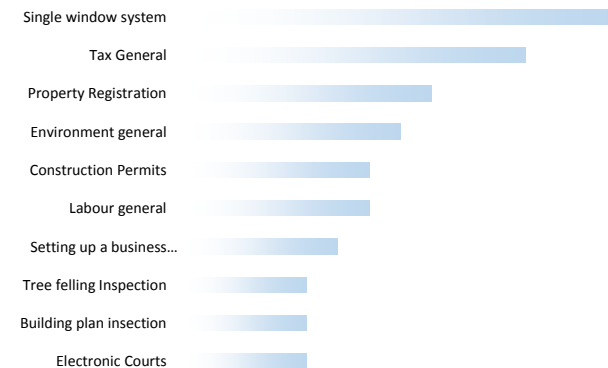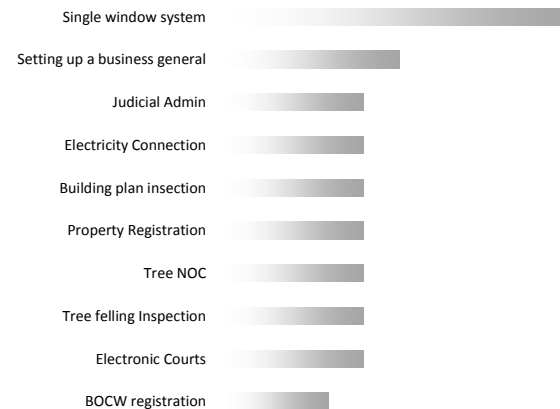
The Department of Commercial Taxes, Government of West Bengal has provided online solutions for registrations, payments and returns for VAT, CST, PT, Entertainment Tax, and Entry Tax.

Key Initiatives Implemented	Future Areas of Improvement

- **Single window**: Setup a single window (Shilpa Sathi) for large industries and MSME Facilitation Centre (MFC) for MSMEs. As part of Shilpa Sathi, department representatives physically come to the single window on defined days to monitor progress and expedite clearances;
- **Infrastructure**: Defined clear timelines for electricity, water and sewer connections
- **Infrastructure**: Implemented an online application for electricity connections;
- **Land**: Implemented an online application for property registration and payment;
- **Environment**: Exempted 49 industries/activities from pollution control board clearances as a prerequisite to start business.

Single window system
Setting up a business general
Judicial Admin
Electricity Connection
Building plan insection
Property Registration
Tree NOC
Tree felling Inspection
Electronic Courts
BOCW registration
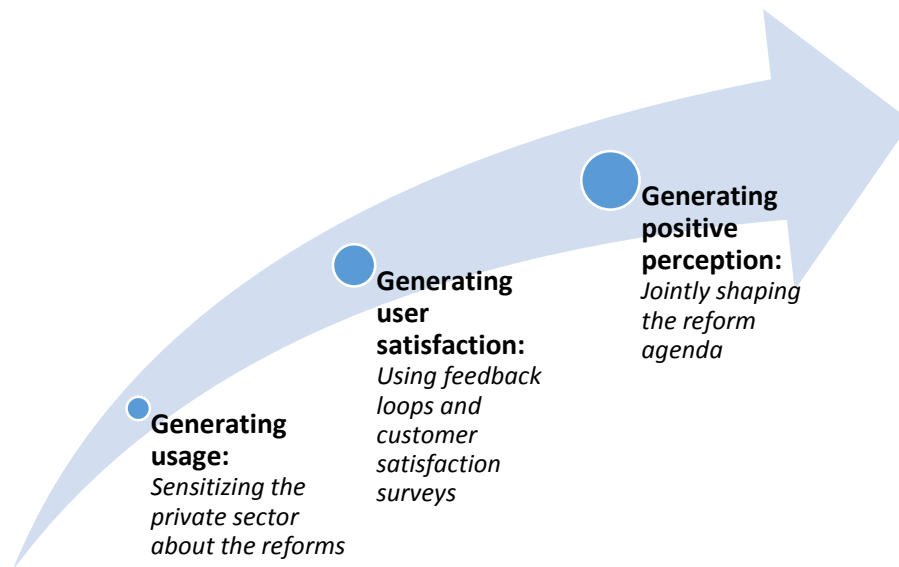
5. The way forward

What's Next?

It is encouraging to note that many States have responded eagerly to DIPP's 98-point action plan with ambitious reform initiatives. The efforts of the last one year are just the first steps in the right direction. We hope that the central and State governments would continue with these efforts in the future in their efforts to make India an attractive destination for investment.

One of the intended objectives of this report is to recognize States and UTs that have achieved some transformative reforms. Another is to share knowledge, on two levels. First, to share knowledge on the state of reforms, through measurement and benchmarking, so that States may understand *what* they need to do going forward; and second, share knowledge of what others have done, so that States can understand *how*. We hope that this report will assist in building bridges to share knowledge and information regarding best practices between States. We are encouraged by the stand of DIPP and the World Bank Group who stand ready to facilitate this exchange of knowledge, including from other countries, if required.

There are two important points for States to consider in reform efforts going forward:

- The Action Plan announced in 2014 does not cover all areas of importance; hence, further actions will need to be identified in stages, in addition to acting on unfinished actions;
- It is important to assess implementation on the ground, based on feedback from businesses.

Global experience shows that the best way to ensure reform is being felt is to engage the private sector throughout the reform process. In this chapter, we outline a series of steps, summarized in the diagram below, to explain how States can engage the private sector effectively to understand if reforms are being felt, and thereby promote positive perception about business in India.

Generating usage:
Sensitizing the private sector about the reforms

Generating user satisfaction:
Using feedback loops and customer satisfaction surveys

Generating positive perception:
Jointly shaping the reform agenda

Generating usage

Many reforms that have been implemented are very recent, and many more are expected to be implemented after July 2015. To ensure that the private sector is aware of the reforms that have happened, it is recommended that States undertake communications campaigns to inform businesses about their reforms. Proactive communication can be instrumental not only in generating awareness, but also in increasing usage and uptake of the reformed services. Awareness and increased usage will also allow businesses to test the effectiveness of the measures and incentivize them to report on problems.

Generating user satisfaction

As discussed in Chapter 1, implementation gaps may exist in various forms. Implementation may differ across jurisdictions or across firms within the same jurisdiction for several reasons – follow-up provisions are not made, adequate instructions do not reach front-line officials, or the implementation machinery is unwilling to reform the processes. These gaps can sustain especially if decision-makers within departments are unaware that reforms are not being fully implemented on the ground. Feedback loops may therefore be critical in reducing such information asymmetry, and help governments bridge the implementation gaps.

User feedback can be critical to understanding if reforms are working as envisaged. There are a variety of tools available to State governments to collect data on user feedback, including quick survey methods like phone or SMS, or following up automated service delivery with real-time feedback questionnaires posted online or via email. As usage picks up, more and more data should be generated to help identify user experience, and pinpoint shortfalls and bottlenecks that must be addressed.

Generating positive perception

Regulatory reforms are but a stepping stone towards greater investment – the private sector in India faces many challenges, and the regulatory burden is just one of them. Infrastructure and finance related challenges can be as severe as regulatory burdens in discouraging investment. More complex reforms may need to be undertaken to bring about a paradigm shift in investment.

Therefore, States should capitalize on its satisfied users to engage into a series of structured public-private dialogues to understand the constraints facing business, and to explore ways to alleviate these constraints. Effective dialogue can help identify more second-generation reforms, and more importantly it can communicate to business that the government is ready to facilitate their investments. These dialogues are complementary to the granular feedback loops mentioned earlier. The findings of the reform-specific feedback exercises may be discussed in such dialogues to build awareness of the findings, reach agreement on corrective actions and put pressure on government to act. Many economies globally have benefited from public-private dialogue – but more importantly, structured dialogue gives a voice to MSMEs who may not be able to access the relevant channels necessary to be heard.

The Next Set of Reforms

We understand that DIPP will soon disseminate to States an action plan for the next set of reforms. This plan should contain the following additional features:

- Recommendations may be supplemented where feasible with knowledge on best practices, both global and local;
- Each recommendation should have a clear vision of a desirable end goal; this vision sould be communicated to States at the outset of the reform process so that there is a shared objective. The vision may be finalized in discussion with businesses, to ensure that reforms are targeted at their needs and priorities;
- DIPP may engage with State Governments on a broader and regular dialogue to discuss the reform action plan, agree on key next steps and monitor the progress of reforms.

We are hopeful that the central and State governments will move in unison to make India an easier place to do business.

Appendices

Appendix I: Methodology

Step 1: Design

The first step in the study involved development of an assessment framework. For the purpose of the same, the following key principles were adopted:

- **Measurability**: The factors enabling ease of doing business should be defined in a manner that enables 'measurement' of the implementation status.
- **Comparability across States**: Factors identified for enabling ease of doing business should be comparable across States. In case a particular factor is not relevant for implementation in a State, the same would not be considered for assessment of implementation status in the State.

A draft of the assessment framework was prepared (based on the 98-point reform framework) and shared with States/UTs in April 2015 to obtain their feedback and inputs. The framework was designed to capture the implementation status of various factors enabling ease of doing business across the following 8 areas:

S. No	Area
1	**Setting up a business**
2	**Allotment of land and obtaining construction per**
3	**Complying with environment procedures**
4	**Complying with labour regulations**
5	**Obtaining infrastructure related utilities**
6	**Registering and complying with tax procedures**
7	**Carrying out inspections**
8	**Enforcing contracts**

The questionnaire had "Yes", "No" and in certain cases "Not Applicable" type of responses. 'Yes' response implied that the respective enabling factor has been implemented in the State. A 'No' response implied that the enabling factor is yet to be implemented in the State. A 'Not Applicable' response implied that the enabling factor is not relevant for implementation in the State.

Subsequently, the inputs received were analyzed and wherever appropriate, changes were made to improvise and finalize the assessment framework. As part of the framework, every factor enabling ease of doing business, from a reform standpoint, was considered equally important and hence was treated with equal weightage.

Step 2: Capture

This step involved obtaining responses from State/UTs on the implementation status of various factors enabling ease of doing business across 8 areas outlined above.

The final assessment framework was shared with States/ UTs in the first week of June 2015 for obtaining their responses along with relevant supporting material. An online channel was also provided to the States/ UTs to facilitate online submission of the responses.

The responses obtained via email, hard copy, sogosurvey.com etc. were collated for the purpose of assessment.

Step 3: Assess

This step involved reviewing and evaluating the responses provided by the States/ UTs.

Study Visits

As part of the review, visits were undertaken in 32 States/UTs[3] over a period of ~1 month starting from 2nd July 2015. A cut-off date of 30th June 2015 was adopted for implementation of reform measures to ensure that all States/ UTs are at par and are compared on the same benchmark.

The visits involved conducting of meetings with various department officials at a centralized location. The officials provided a walkthrough / demonstration of the factors enabling ease of doing business which have been implemented by the States/ UTs (including demonstrating of online systems, walkthrough of relevant supporting documents/ notifications/ orders, sample application cases etc. to the study team. The study teams noted their observations as part of the State visits and collected relevant supporting material provided by the concerned department officials during the meetings.

Evaluation of responses

This involved evaluation of responses for all the 32 States/UTs based on the observations made during State visits and review of the supporting material provided. The observations noted by the Study team were reviewed during a 2-day long workshop exercise with World Bank representatives. The responses, observations were reviewed against the criteria/ vision for each of the questions across the 8 areas of the assessment framework and the State's response was updated, wherever required.

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[3] Visits were not conducted in Manipur (did not confirm suitable dates for the visits due prevailing conditions in the State), Daman and Diu (did not confirm to the dates proposed for the State visit and requested dates could not accommodated as part of the timeframe of this study), Dadra and Nagar Haveli (did not confirm to the dates proposed for the State visit and requested dates could not accommodated as part of the timeframe of this study and Lakshadweep (did not submit response to the assessment framework, visits in case of UTs were only scheduled post receipt of response to the assessment framework).

Thereafter, the updated responses were shared with the respective States/ UTs along with a vision document (capturing the criteria/ vision) and comments wherever responses were changed from State's response. The States/ UTs were allowed to provide comments on the changes made and in case of any differences, were allowed to provide additional material clearly highlighting that the reform measure was implemented prior to 30th June 2015 (cut-off date for the implementation of reforms).

The comments provided were subsequently reviewed and appropriate changes, wherever applicable/ required, were made. The implementation status for each of the questions was finalized for all the 32 States/ UTs.

Step 4: Report

This step involved computation of the overall and area-wise implementation status for all the 32 States/ UTs.

The implementation status (which would reflect the percentage of factors enabling ease of doing business, implemented in the State/UT) for an area was computed as:

*(Number of questions in the area for which the response is "Yes") / [(Total number of questions in the area) - (Number of questions in the area for which the response is "Not applicable")] * 100%*

The overall implementation status (which reflects the percentage of factors enabling ease of doing business, implemented in the State/UT) for the State was computed as:

*(Number of questions across all areas for which the response is "Yes") / [(Total number of questions across all areas) - (Number of questions across all areas for which the response is "Not applicable")] * 100%*

Based on the implementation status, comparative study of the States/ UTs was undertaken and captured as part of the report.