



## NCAER's 2018 State Investment Potential Index

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Delhi has emerged the most-attractive State for investors in the National Council for Applied and Economic Research (NCAER)'s 2018 State Investment Potential Index (N-SIPI).

- N-SIPI ranks India's States' on their competitiveness in business and their investment climate.
- The Index is designed to provide a systematic and reliable "go-to" reference for policy makers, existing businesses, and potential domestic and overseas investors.
- N-SIPI, 2018 ranked 21 major States on six pillars-
  - Land,
  - Labour,
  - Infrastructure,
  - Economic Climate,
  - Governance And Political Stability, and
  - Business Perceptions.
- Gujarat, previously No 1, slipped two places to the third position.
- The surprise elements in the index, was Tamil Nadu, which moved up four places to No 2.
- In the overall rankings, Delhi, Tamil Nadu, Gujarat, Haryana, Maharashtra and Kerala emerged the most attractive States to do business, while Odisha, Uttar Pradesh, Assam, Jharkhand and Bihar were at the bottom.

### Key Constraints

- According to the 1,049 business enterprises contacted, 55 per cent identified law and order situation as the primary constraint.
- This time, the proportion of respondents identifying corruption as a major constraint declined - 46 per cent of the respondents identified corruption as a major constraint, down from 57 per cent in the 2017 round of survey.

- Other significant constraints identified by the respondents include:
  - Difficulty in getting approvals for land,
  - Transition to GST,
  - Quality of skilled labour,
  - Getting all approvals before starting business (second most pressing constrain), and
  - Access to finance.
- Interestingly, industry-related policies and the availability of unskilled labour were not found that problematic, while the availability of power and raw material, and rail and road quality and connectivity were seen to be the least problematic for the firms in the sample.

### **National Council for Applied and Economic Research (NCAER)**

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- Established in 1956, NCAER is India's oldest and largest independent, non-profit, economic policy research institute.
- It is one of a handful of think tanks globally that combine rigorous analysis and policy outreach with deep data collection capabilities, especially for household surveys.
- It launched the N-SIPI series in 2016 and the second N-SIPI was released in 2017.