

What Constrains Business – The Role of the Single Window

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Investment climate refers to the location specific factors that provide opportunities and incentives for firms to invest or undertake productivity improvements that create jobs and benefit consumers as well.

Government policies and behaviours affect these opportunities and incentives firms face to invest by influencing the

- costs
- risks
- barriers to competition
in a location

Government policies and behaviours that affect opportunities and incentives for firms to invest

Costs	Corruption Taxes Regulatory burdens and red tape Infrastructure and finance costs Labour market regulation
Risks	Policy predictability and credibility Macroeconomic stability Rights to property Contract enforcement Expropriation
Barriers to competition	Regulatory barriers to entry and exit Competition law and policy Functioning finance markets Infrastructure

Investment Climate Survey

Doing Business

Dimensions of Investment Climate covered

46 variables covering infrastructure, institutions, and inputs such as regulation, governance, access to finance, etc.

7 areas of regulation incl. business & property registration, insolvency, contract enforcement, hiring & firing of workers, accessing credit, licenses, tax payments, etc.

Types of variables

Covers both objective and perception data. Objective data include time to complete processes or receive services and monetary costs of disruptions and regulations. Perceptions of constraints and assessment of risks and competition too.

Objective measure of no. of procedures, the time to complete them and the fees and costs associated with full compliance.

Investment Climate Survey

Doing Business

Whose perspective

Survey covers a diverse range of sizes and activities with random samples of hundreds of firms. Data gathered through face to face interviews with senior managers & accountants.

Use a single, defined hypothetical firm and transaction. Judgments based on assessment of local experts (lawyers, accountants).

Differences

Sample covers multiple locations within a region

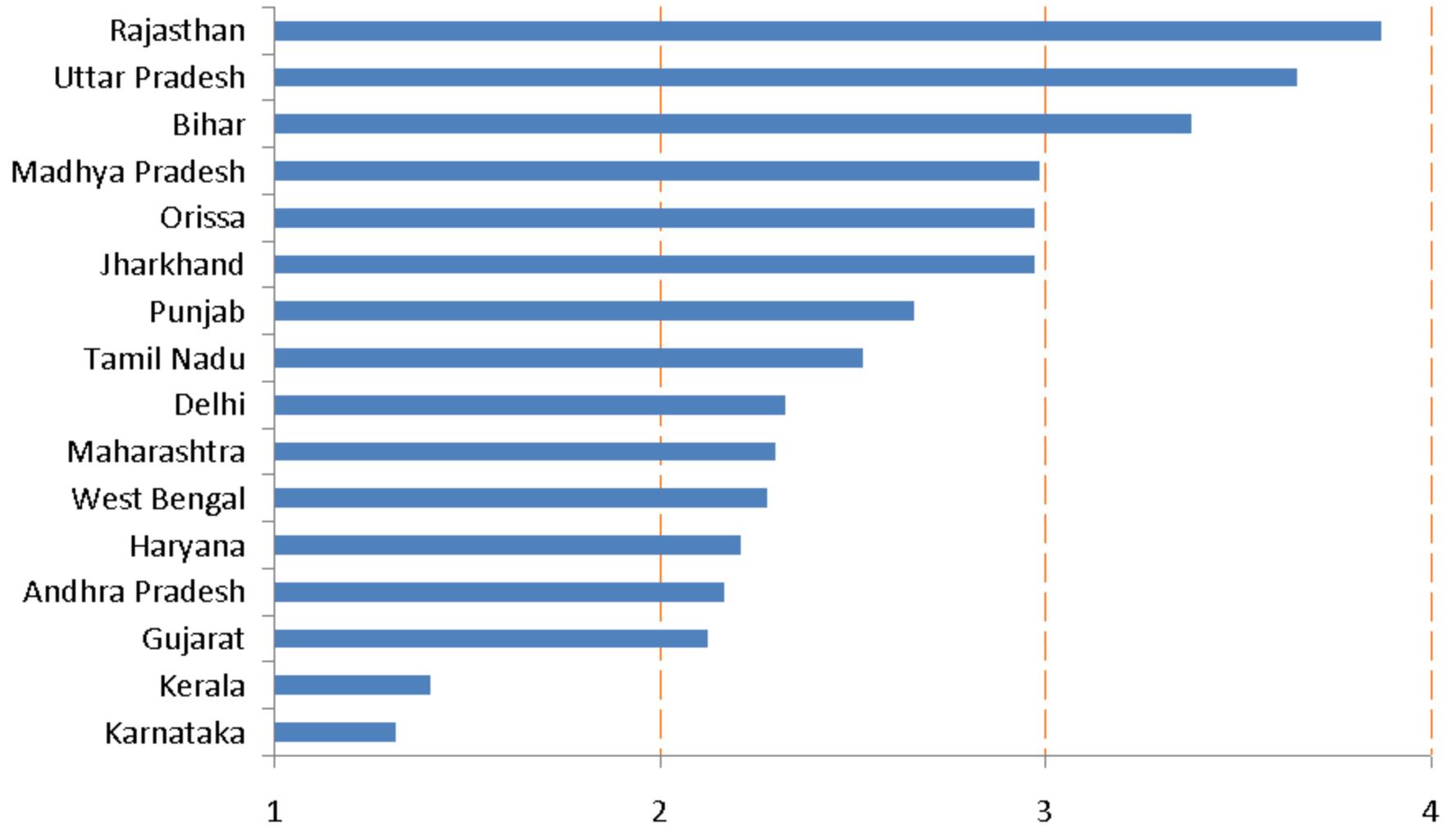
Single indicator is given for largest city in a state

Basis of assessment

Indicators based on experience reported by firms providing ranges of how policies are implemented in practice

Indicators measure formal regulatory requirements

Figure 1: ICI Ranking of Business Climate in 16 Indian States



Five states with best investment climate –

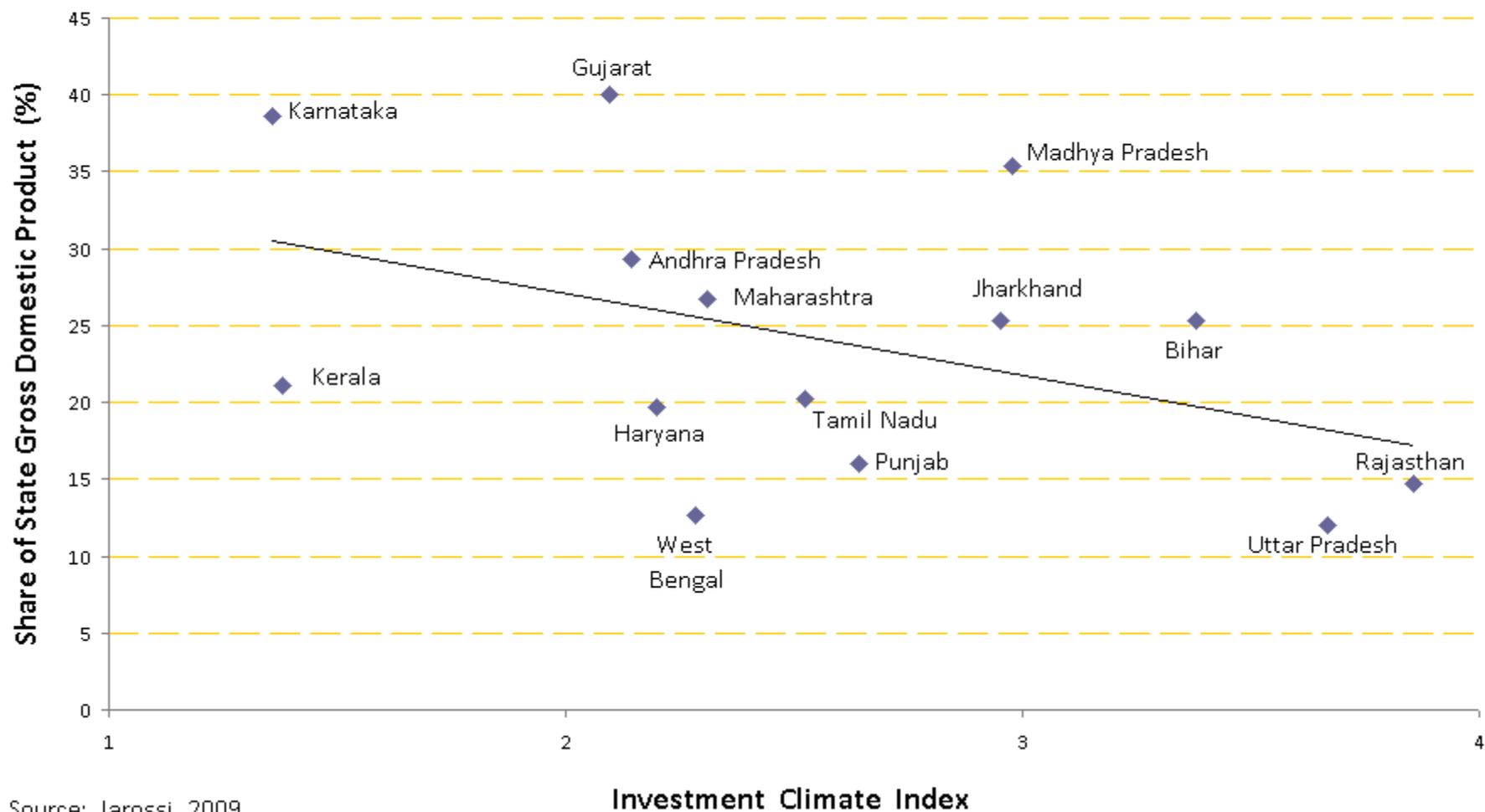
1. Karnataka
2. Kerala
3. Gujarat
4. Andhra Pradesh
5. Haryana

Worst Investment Climate states –

14. Bihar
15. Uttar Pradesh
16. Rajasthan

Is the Investment Climate index reliable ? How well does it correlate with performance indicators of a state such as attracting private investment ?

Figure 2: Private domestic Investment (implemented) as share of SDP and ICI, 2005



Source: Iarossi, 2009

Three worst states –

- Bihar – rank 14
- Uttar Pradesh – rank 15
- Rajasthan – rank 16

Worse mainly in
Infrastructure

Bihar
Uttar Pradesh

Worse mainly in
Institutions and Inputs

Rajasthan

Rajasthan for example fares about four times worse than Bihar on performance on institutions and inputs indicators – see next slide

Figure 3: Value of Infrastructure, Institutions, and Input variables in construction of ICI by state (standardized)

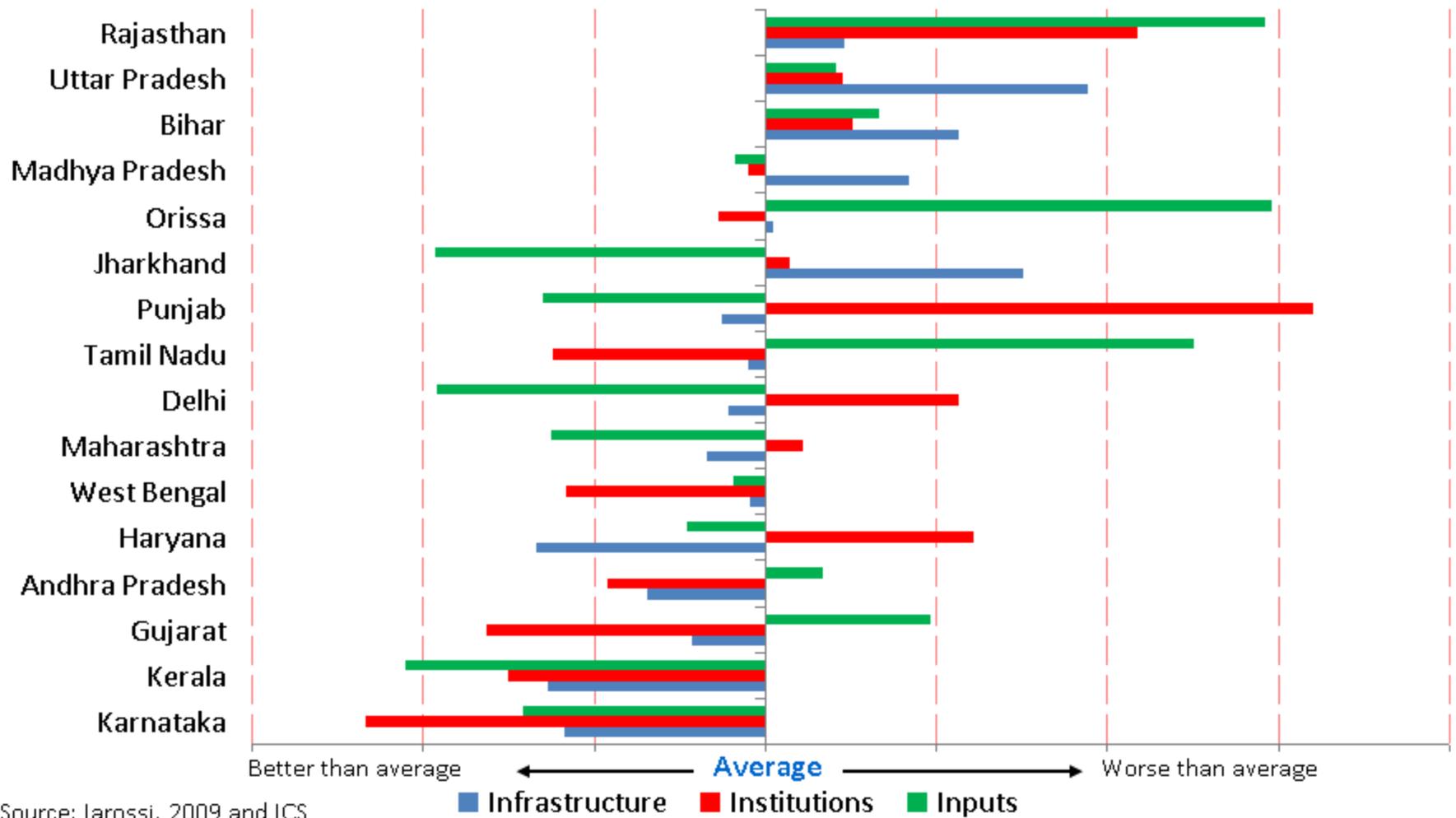
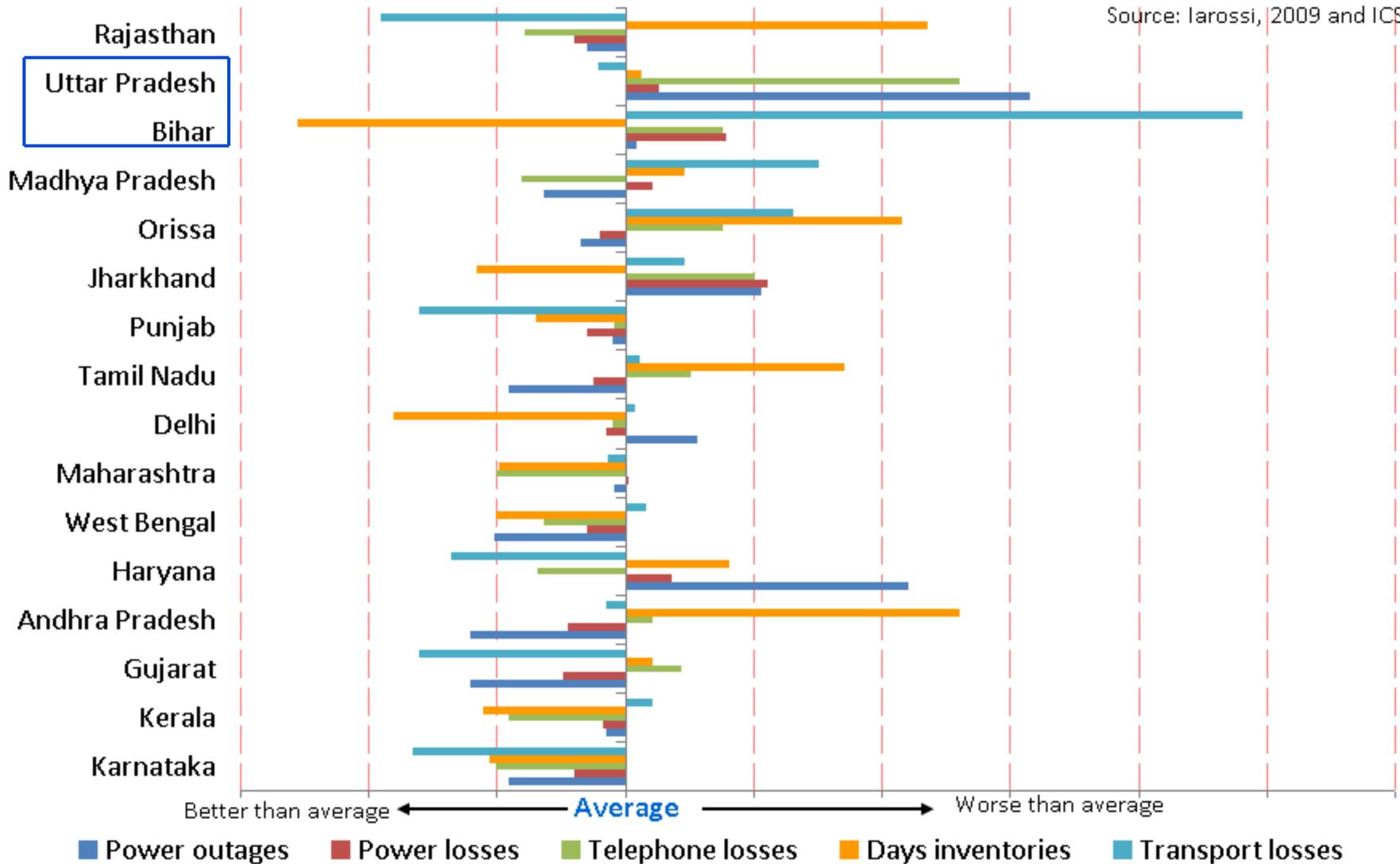


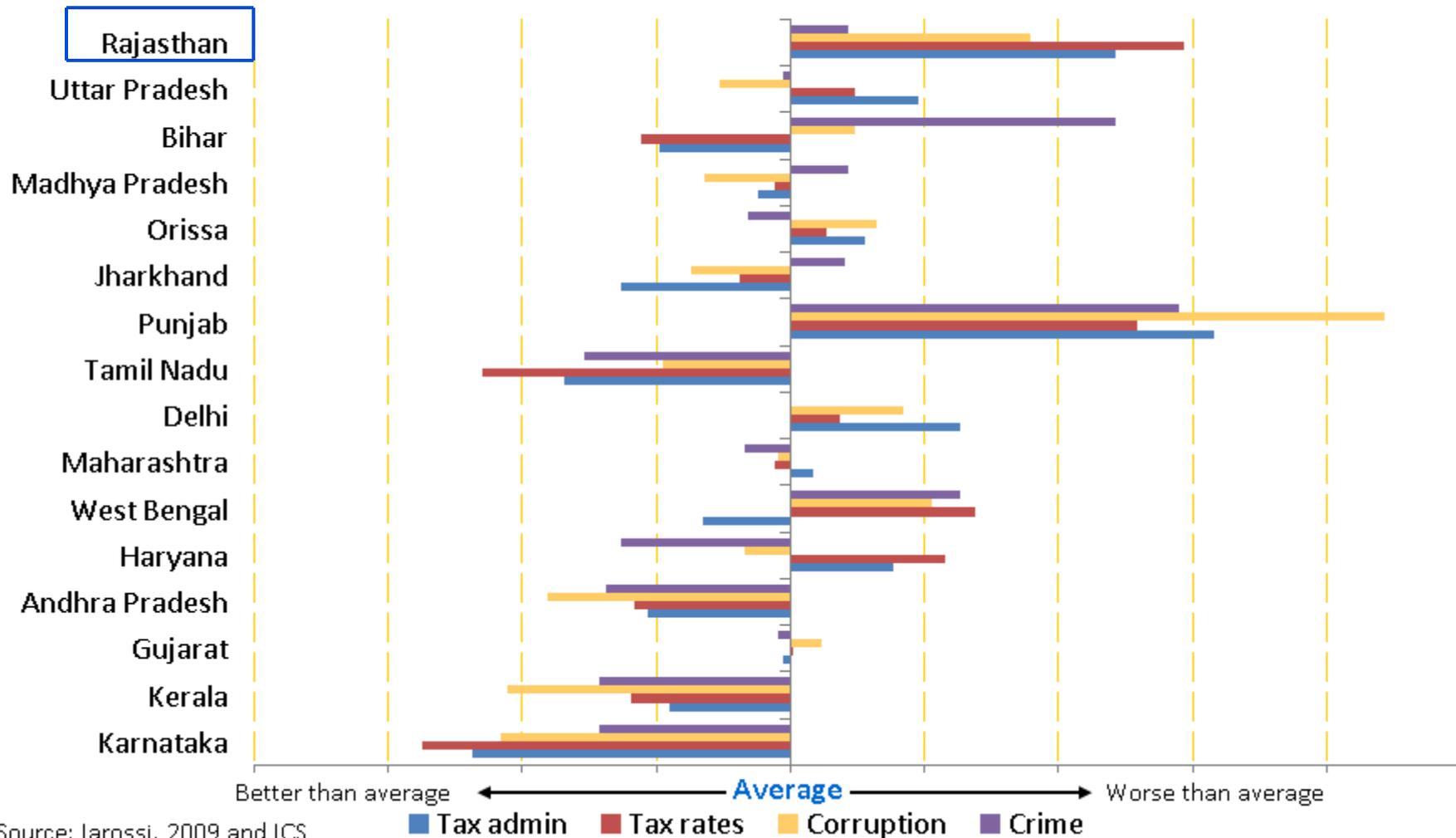
Figure 5: Value of Infrastructure cost variables in the ICI by state (standardized)

Source: Iarossi, 2009 and ICS



Main bottleneck in Bihar is transportation, power and telephone losses. In U.P. It is reliability of power and telephone losses.

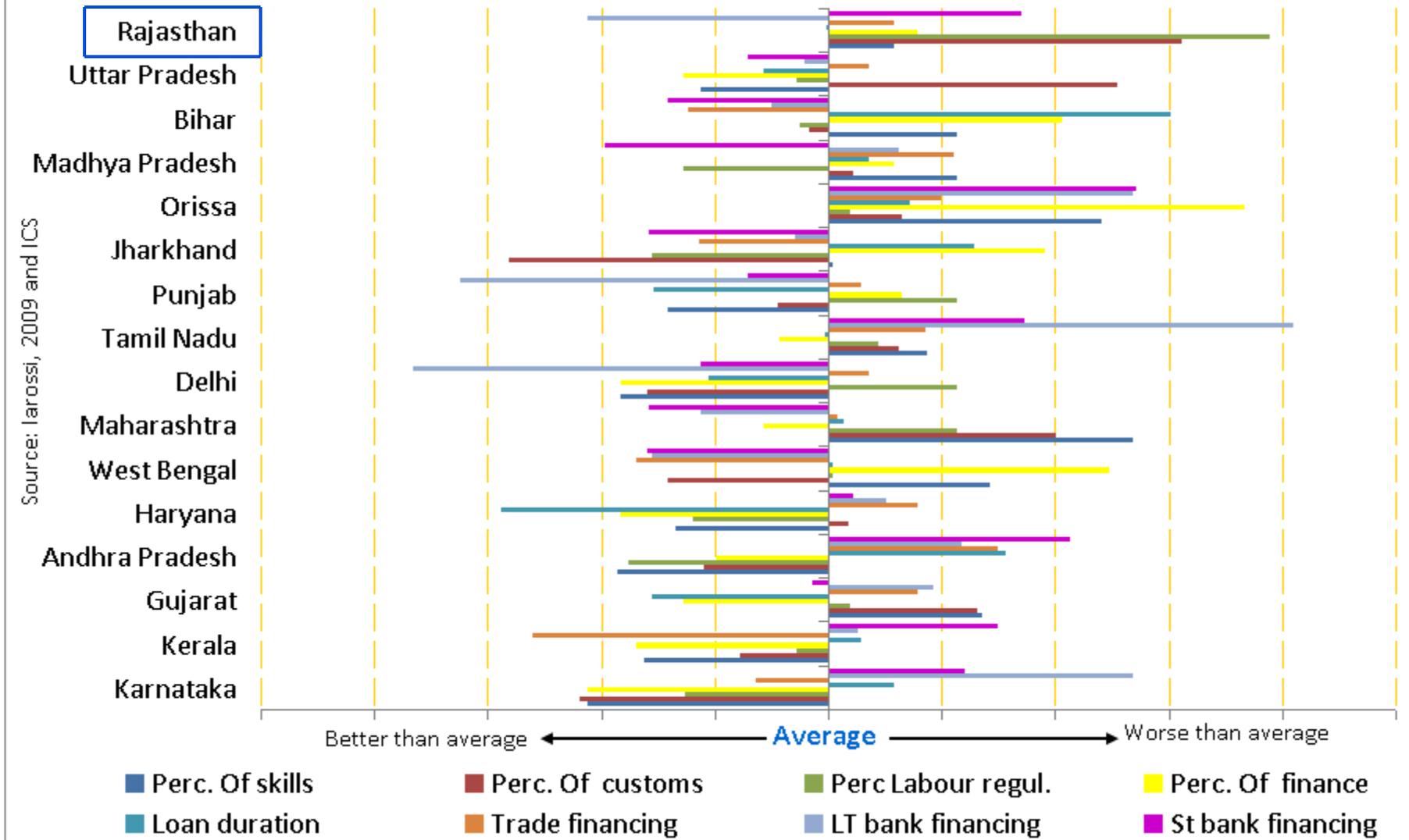
Figure 7: Value of most important Institution Perception variables in construction of ICI by state (standardized)



Source: Iarossi, 2009 and ICS

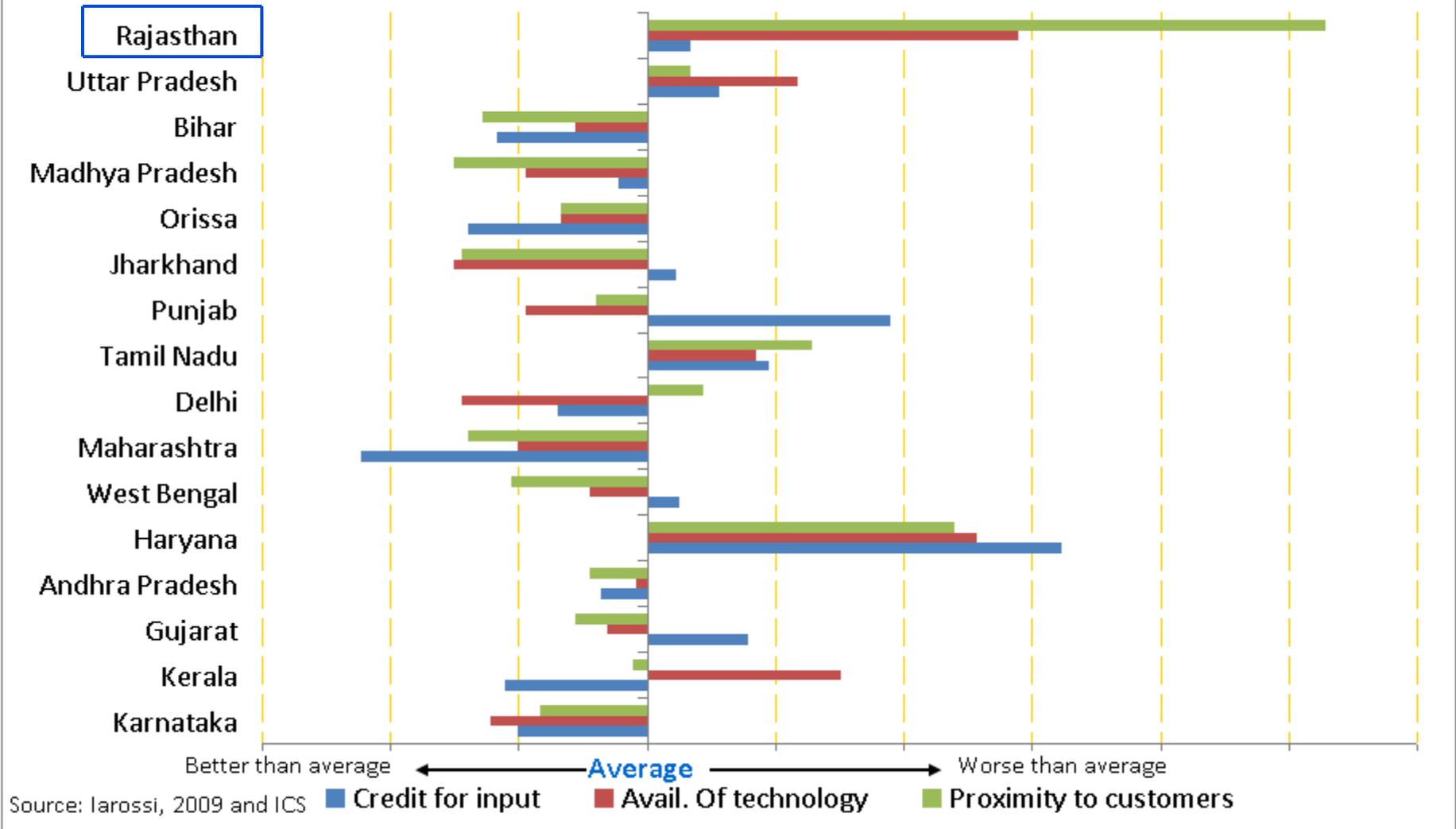
Rajasthan however fares poorly in the perception on corruption and tax administration. In Bihar it is crime followed by corruption that is a major deterrent.

Figure 8 : Value of Input Perceptions variables in construction of ICI by state (standardized)



Rajasthan also fares poorly in the perception on labour regulations and customs. In Bihar it is perception on finance and skills where it fares poorly.

Figure 9: Value of most important Input Cost variables in construction of ICI by state (standardized)



Rajasthan also fares poorly on objective input cost measures of access to technology, and proximity to domestic customers (not unsurprising given it is a desert state)

What do policy makers need to focus on ?

Most important Infrastructure constraints –

- Transport
- Power
- Telecommunications

Most important Institutional constraints –

- Corruption
- Crime
- Security (Theft)

Group states into income categories -

Low Income states – Bihar, Jharkhand, Madhya Pradesh
Orissa, Rajasthan and U.P.

Medium Income states – Andhra Pradesh, Karnataka,
Kerala, Tamil Nadu, and West Bengal

High Income states – Delhi, Gujarat, Haryana, Maha-
rashtra, and Punjab

	More probable identification of obstacles	Less likely identification of obstacles
Low Income States	Power	Corruption Worker skills Taxes Access to land
Medium Income States	Finance Access to land Access to finance Labour regulations Worker skills	
High Income States	High taxes Tax administration Corruption	

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Figure 12: Deviation from National Average of percentage of Firms reporting each obstacle as Major or Very Severe in 2006

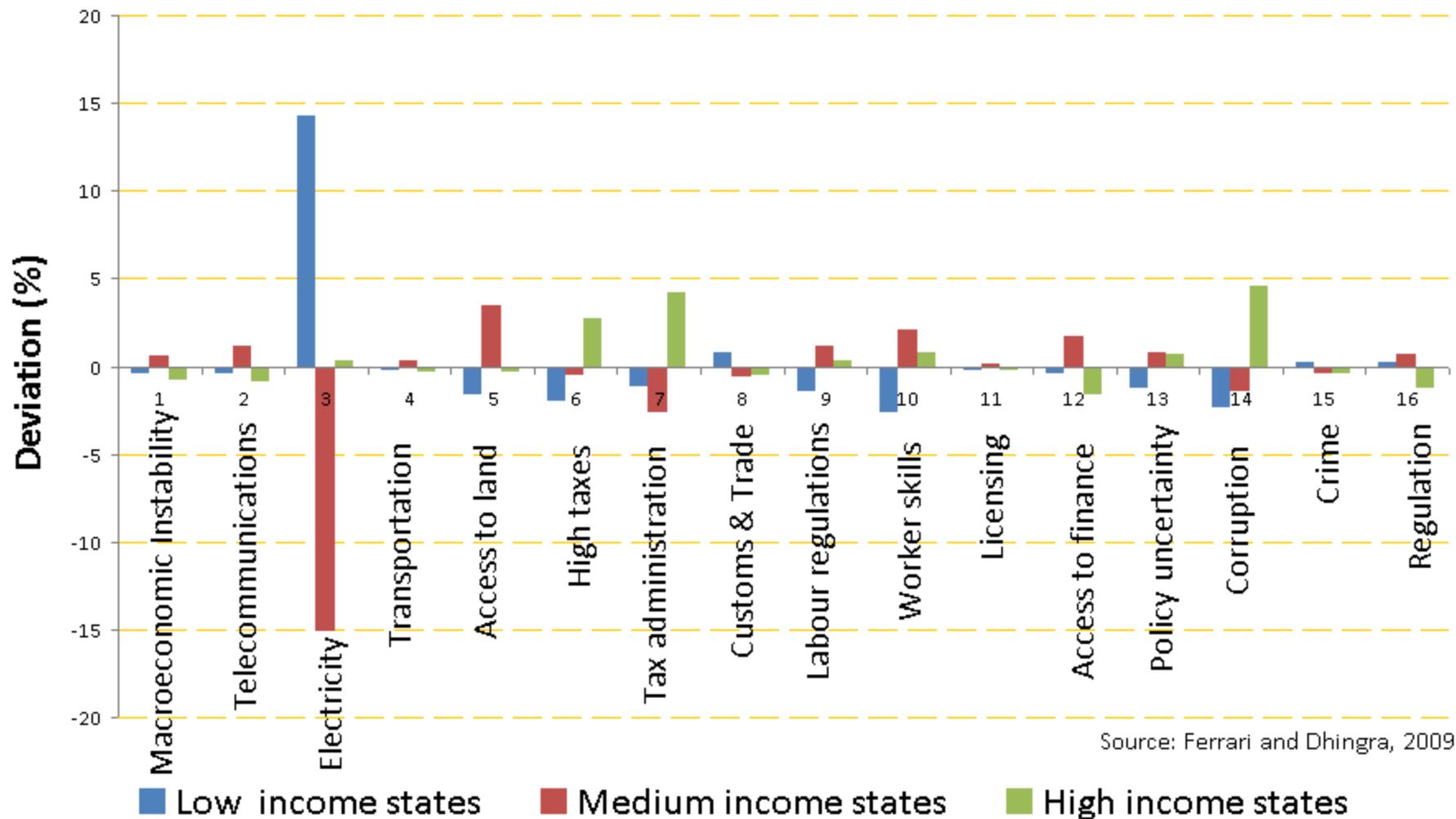
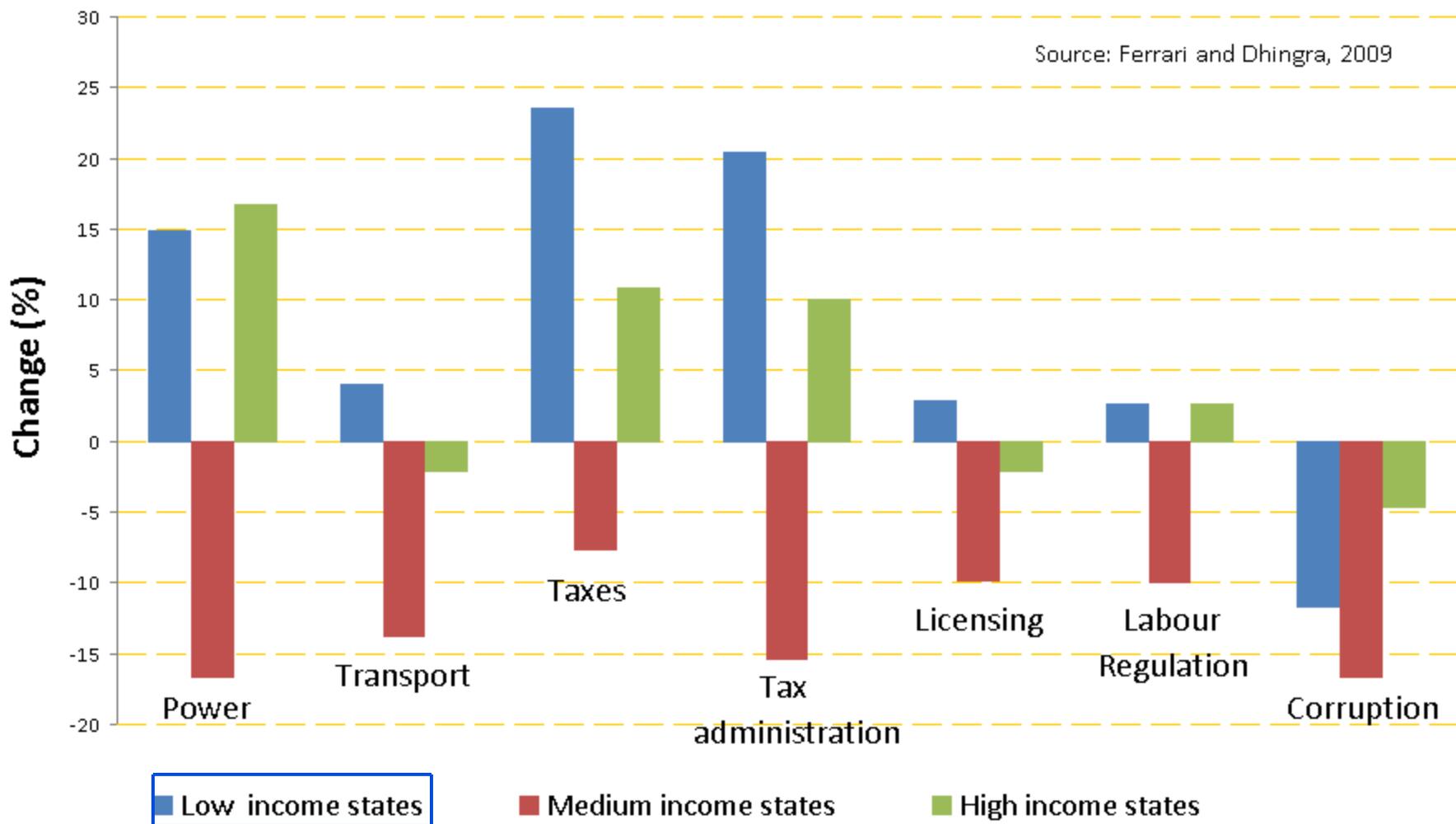


Figure 13: Change in the percentage of Firms identifying factor as a Major or Very Severe Obstacle between 2003 and 2006



Firms in **low income states** report **worsening of all investment climate variables** from 2003 to 2006 **except** for corruption

Comparing Gujarat and Bihar -

	<u>Gujarat</u>	<u>Bihar</u>
Overall Investment Climate Rank	3	14
Infrastructure Sub-Index Rank	5	14
Institutions Sub-Index Rank	2	12
Inputs Sub-Index Rank	13	12

Bihar has significant constraints on business in Infrastructure –

- Power outages and sales losses from this
- Telephone and transport losses

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	Gujarat	Bihar
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Infrastructure sub-index	5	14
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I. Infrastructure cost variables		
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1. Hours of power outages	1	12
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2. Percent of sales lost due to power outages	1	15
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3. Hours of telephone outages	11	13
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4. Days of inventories kept for main input	10	1
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5. Percent of sales lost in transit	3	16
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II. Infrastructure Perception variables		
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6. Perception on telecom	12	16
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7. Perception on transport	7	12
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8. Perception on electricity	2	12
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9. Perception on access to land	1	9
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Bihar's regulatory institutions impose high costs on business in terms of –

- Law and order
- Theft
- Security
- Crime
- Bribes related to licenses and construction permits

See next slide →

	Gujarat	Bihar
Institutions Sub-index	2	12

III. Institution Cost variables

10. Share of firms reporting gifts requested to obtain operating license	2	9
11. Share of firms reporting gifts requested to obtain construction permit	2	5
12. Share of firms reporting officials requested gifts	8	9
13. Days to obtain a telephone connections	14	15
14. Manager time spent dealing with regulations	14	15
15. Law & order : losses due to theft	3	16
16. Law and order: security cost	6	16

Bihar is approximately of same rank as Gujarat on
Institutional measure of –

- Perception on corruption

Bihar does better in rank on

- Perception on tax administration
- Perception on tax rates

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	Gujarat	Bihar
Institutions Sub-index	2	12
III. Institution Cost variables		
IV. Institutions perception variables		
17. Perception of tax administration	9	5
18. Perception of tax rates	9	5
19. Perception of corruption	10	11
20. Perception of law and order: crime	8	15

In terms of Inputs criterion Bihar has a higher rank than Gujarat

Bihar does better than Gujarat on all Input measures except for two –

- Perception on access to finance
- Perception on duration of loan

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Inputs Sub-index

	13	12
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V. 21. Trade credit : share of inputs bought on credit

	13	3
--	----	---

22. Share of firms using new technology

	10	8
--	----	---

23. Proximity to domestic customers

	8	4
--	---	---

VI Input perception variables

24. Perception on availability of skills

	13	11
--	----	----

25. Perception on customs

	13	8
--	----	---

26. Perception on labour regulations

	11	8
--	----	---

27. Perception on access to finance

	5	14
--	---	----

28. Duration of loan

	2	16
--	---	----

29. Short term finance represented by trade finance

	11	3
--	----	---

30. Share of long term finance obtained by banks

	12	6
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31. Share of short term finance obtained by banks

	9	5
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Doing Business indicators 2009

Doing Business indicators study regulations from perspective of small and medium sized domestic firms and ranks 17 cities on performance on seven topics –

- Starting a business
- Construction permits
- Registering property
- Paying taxes
- Trading across borders
- Enforcing contracts
- Closing a business

Doing Business indicators focus on regulatory environment and not on infrastructure, macroeconomic conditions, workforce skills, or security.

Doing Business: Where is it easiest ?

Rank	City/State
1	Ludhiana (Punjab)
2	Hyderabad (Andhra Pradesh)
3	Bhubaneswar (Orissa)
4	Gurgaon (Haryana)
5	Ahmedabad (Gujarat)
6	New Delhi (Delhi)
7	Jaipur (Rajasthan)
8	Guwahati (Assam)
9	Ranchi (Jharkhand)
10	Mumbai (Maharashtra)
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14	Patna (Bihar)
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Starting a Business – This is an average of city rankings on the number of procedures, the associated time, and cost (as % of Gross State Income per capita) to be paid out at the start of a business.

No. of procedures to open a business on average = 12

National procedures
(8)

Local procedures
(4)



Starting a Business – This is an average of city rankings on the number of procedures, the associated time, and cost (as % of Gross State Income per capita) to be paid out at the start of a business.

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(8)

Local procedures
(4)

High no. of procedures due to post registration requirements with visit to 5 different agencies -

- Permanent a/c no. (PAN)
- Tax deduction and collection a/c no. (TAN)
- Shops and Establishment Act
- Profession tax
- Value addition tax (VAT)

Table 4: Ease of starting a business

Rank	City/State
1	New Delhi (Delhi)
2	Patna (Bihar)
3	Jaipur (Rajasthan)
4	Hyderabad (Andhra Pradesh)
5	Bhubaneswar (Orissa)
6	Noida (Uttar Pradesh)
6	Ludhiana (Punjab)
8	Indore (Madhya Pradesh)
9	Gurgaon (Haryana)
10	Chennai (Tamil Nadu)
10	Kolkata (West Bengal)
12	Mumbai (Maharashtra)
13	Guwahati (Assam)
14	Ahmedabad (Gujarat)
15	Ranchi (Jharkhand)
16	Kochi (Kerala)
17	Bengaluru (Karnataka)

Patna and Delhi have **fewer procedures** –

Entrepreneur does not have to register under

- Shops & Establishment Act
- Profession tax

Hyderabad and Bhubaneswar – Joint registration at Commercial Tax Office for —

- Value added Tax
- Profession tax

Patna is highly ranked due to fewer procedures and because entrepreneurs **spend less** than 40 per cent of income per capita **to open a business**

Figure 14: Starting a business: Time and cost to start a business in India and selected economies



Source: Doing Business database.

Table 5: Business Start up reforms, 2006-2009

	Electronic Application for name approval & company registration	Use of electronic signatures (online certification)	Electronic payment of stamp duty on company documents	Online application for VAT registration	Reduction of stamp duty on incorporation documents	Single access point for VAT & profession tax registration	Administrative reform at the profession tax office
Ahmedabad	△	△	✓	✓			✓
Bengaluru	△	△					
Bhubaneswar	△	△				✓	
Chennai	△	△					
Gurgaon	△	△					
Guwahati	△	△					
Hyderabad	△	△				✓	
Indore	△	△					
Jaipur	△	△					
Kochi	△	△					
Kolkata	△	△					
Ludhiana	△	△					
Mumbai	△	△					
New Delhi	△	△	✓	✓			
Noida	△	△					
Patna	△	△					
Ranchi	△	△				✓	

△ National level

✓ Local level

Dealing with construction permits

This measures the procedures, time, and cost to build a commercial warehouse, hook it up to basic utilities, and register it.

Procedures include submitting project documents (building plans, site maps), obtaining clearances and permits, receiving inspections, and obtaining connections from electricity, water, sewerage and telephone providers.

Table 6: Ease of dealing with Construction permits

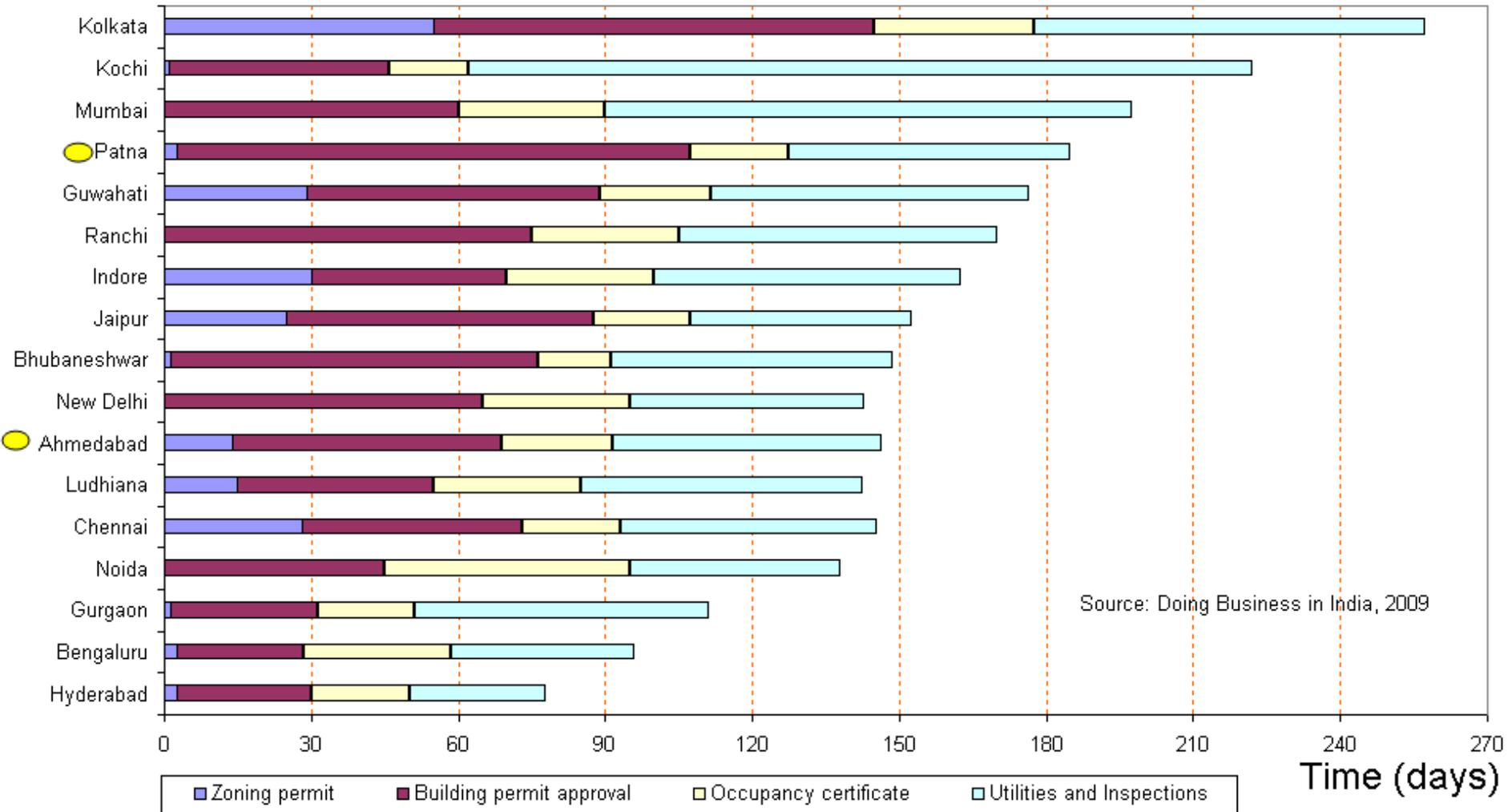
Rank	City/State	Procedures	Time (calendar days)	Cost (% of income per year)
1	Bengaluru (Karnataka)	15	97	1,159
2	Gurgaon (Haryana)	19	110	298
3	Chennai (Tamil Nadu)	15	143	832
4	Ahmedabad (Gujarat) 	15	144	746
5	Hyderabad (Andhra Pradesh)	16	80	1,314
6	New Delhi (Delhi)	19	144	256
7	Ludhiana (Punjab)	17	143	623
8	Bhubaneswar (Orissa)	18	149	295
9	Noida (Uttar Pradesh)	19	139	696
9	Patna (Bihar) 	19	185	204
9	Ranchi (Jharkhand)	19	170	226
12	Guwahati (Assam)	16	179	353
13	Indore (Madhya Pradesh)	21	163	205
13	Jaipur (Rajasthan)	19	151	415
15	Kochi (Kerala)	22	224	234
16	Kolkata (West Bengal)	27	258	2,550
17	Mumbai (Maharashtra)	37	200	2,718

Main source of local difference is in time needed to obtain -

- zoning permits
- building permits
- utility connections

Time to obtain a building plan approval in Patna is 105 days – more than 4 times that in Bengaluru (25 days)

Figure 15: Building permit approvals and Utility connections



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- zoning permits
- building permits
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Time to obtain a building plan approval in Patna is 105 days – more than 4 times that in Bengaluru (25 days)

Computerization of building permit and utility connection procedures undertaken in some cities. E.g. Bhubaneswar has computerized maps allowing approved layout to be obtained online at GIS counter

Builders can submit plans electronically for a scrutiny on building rules and zoning plans in Ahmedabad and Chennai

Building permit fees can be calculated online by applicants in Ahmedabad

Applications can be tracked online in Ahmedabad Bengaluru, Chennai, and Hyderabad

Table 7: Fourteen of 17 cities reforming construction permit process, 2006-2009

	Digitalized zoning plans	Computerized building permit process	Improved handling of applications
Ahmedabad	✓	✓	✓
Bengaluru	✓	✓	✓
Bhubaneswar	✓	✓	✓
Chennai	✓	✓	✓
Gurgaon		✓	✓
Guwahati		✓	✓
Hyderabad	✓	✓	✓
Indore		✓	✓
Jaipur		✓	✓
Kochi		✓	✓
Kolkata		✓	✓
Ludhiana			
Mumbai			
New Delhi	✓	✓	✓
Noida			✓
Patna			✓
Ranchi			✓

Registering property –

This records the sequence of procedures, time, and costs necessary to transfer a property title from one business to another when a company purchases land and a building.

All states have same procedures –

- searching for encumbrances
- drafting a sale deed
- registering deed at Sub Registrar's office
- transferring the property title at the Circle Revenue Office

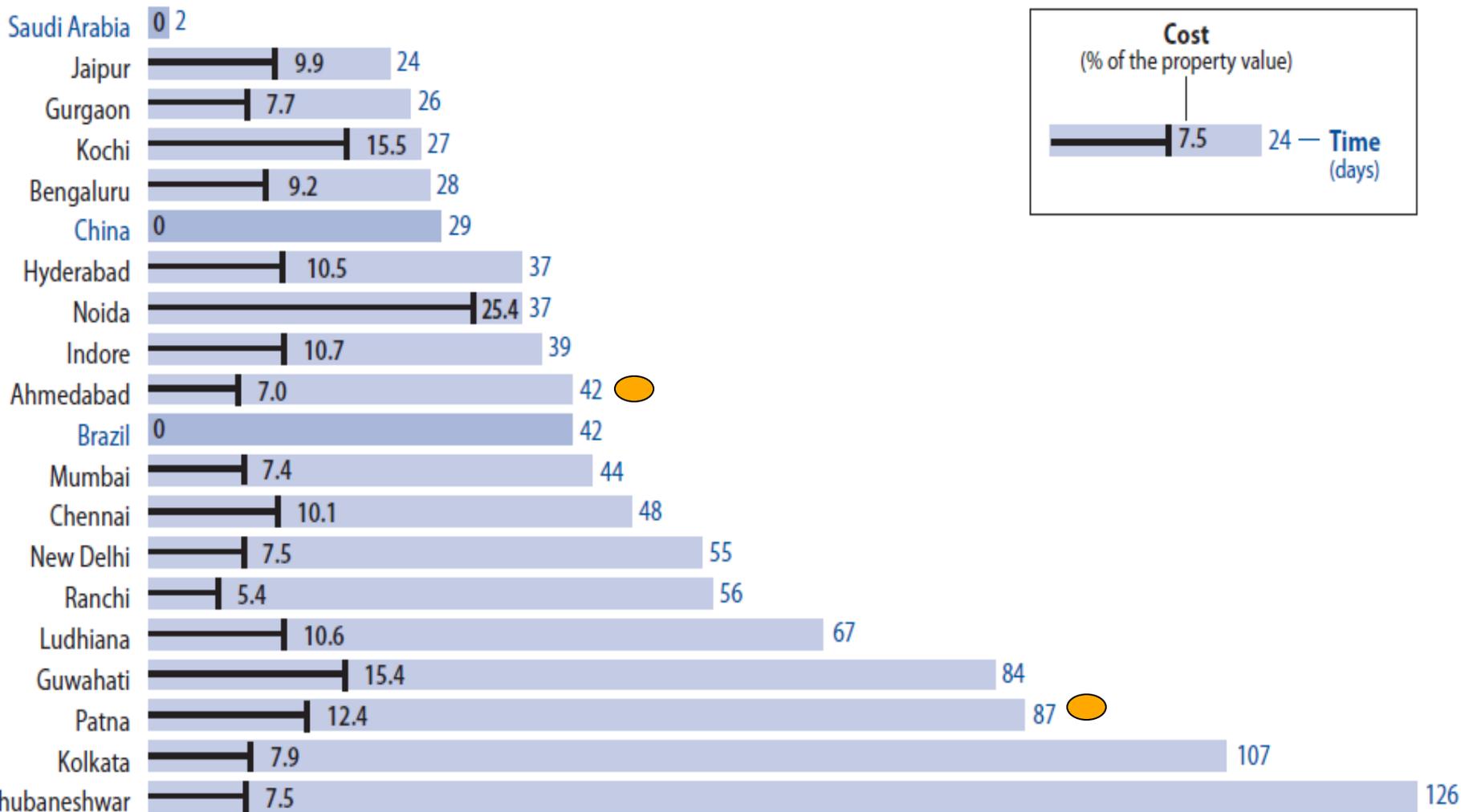
Table 8: Ease of registering property

Rank	City/State
1	Gurgaon (Haryana)
2	Ahmedabad (Gujarat) ●
3	Jaipur (Rajasthan)
4	Bengaluru (Karnataka)
5	Mumbai (Maharashtra)
6	Ranchi (Jharkhand)
7	Kochi (Kerala)
8	New Delhi (Delhi)
9	Hyderabad (Andhra Pradesh)
10	Indore (Madhya Pradesh)
11	Ludhiana (Punjab)
12	Noida (Uttar Pradesh)
13	Kolkata (West Bengal)
14	Guwahati (Assam)
15	Patna (Bihar) ●
16	Chennai (Tamil Nadu)
17	Bhubaneshwar (Orissa)

	<u>Days to register property</u>	<u>Percent of property value incurred in registering property</u>
Ahmedabad	42	7
Patna	87	12.4

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Figure 16: Registering property: Time and cost vary significantly across states



Source: Doing Business database.

Table 9: Cities reformed procedures & cost to register property,

	<u>2006-2009</u>			
	Reduced stamp duty	Improved land record computerization	Reduced administrative fees	Improved administrative efficiency
Ahmedabad	✓			
Bengaluru				
Bhubaneswar	✓	✓	✓	
Chennai				
Gurgaon				
Guwahati				
Hyderabad				
Indore				
Jaipur		✓		✓
Kochi				
Kolkata				
Ludhiana				
Mumbai				
New Delhi	✓	✓		
Noida	✓			
Patna		✓		
Ranchi		✓		

Paying taxes –

This records all taxes and mandatory contributions that a company must pay as well as the administrative burden of paying taxes and contributions.

India fares poorly on ease of paying taxes with a rank of 171 among 183 countries.

Entrepreneurs on average spend 278 hours and 64.8 per cent of company profits on 65 different payments to comply with all tax requirements.

Table 10: Ease of paying taxes

Rank	City/State
1	Ludhiana (Punjab)
2	Jaipur (Rajasthan)
3	Noida (Uttar Pradesh)
4	Mumbai (Maharashtra)
5	Ranchi (Jharkhand)
6	Guwahati (Assam)
7	Gurgaon (Haryana)
7	New Delhi (Delhi)
9	Bhubaneswar (Orissa)
10	Indore (Madhya Pradesh)
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Number of tax payments

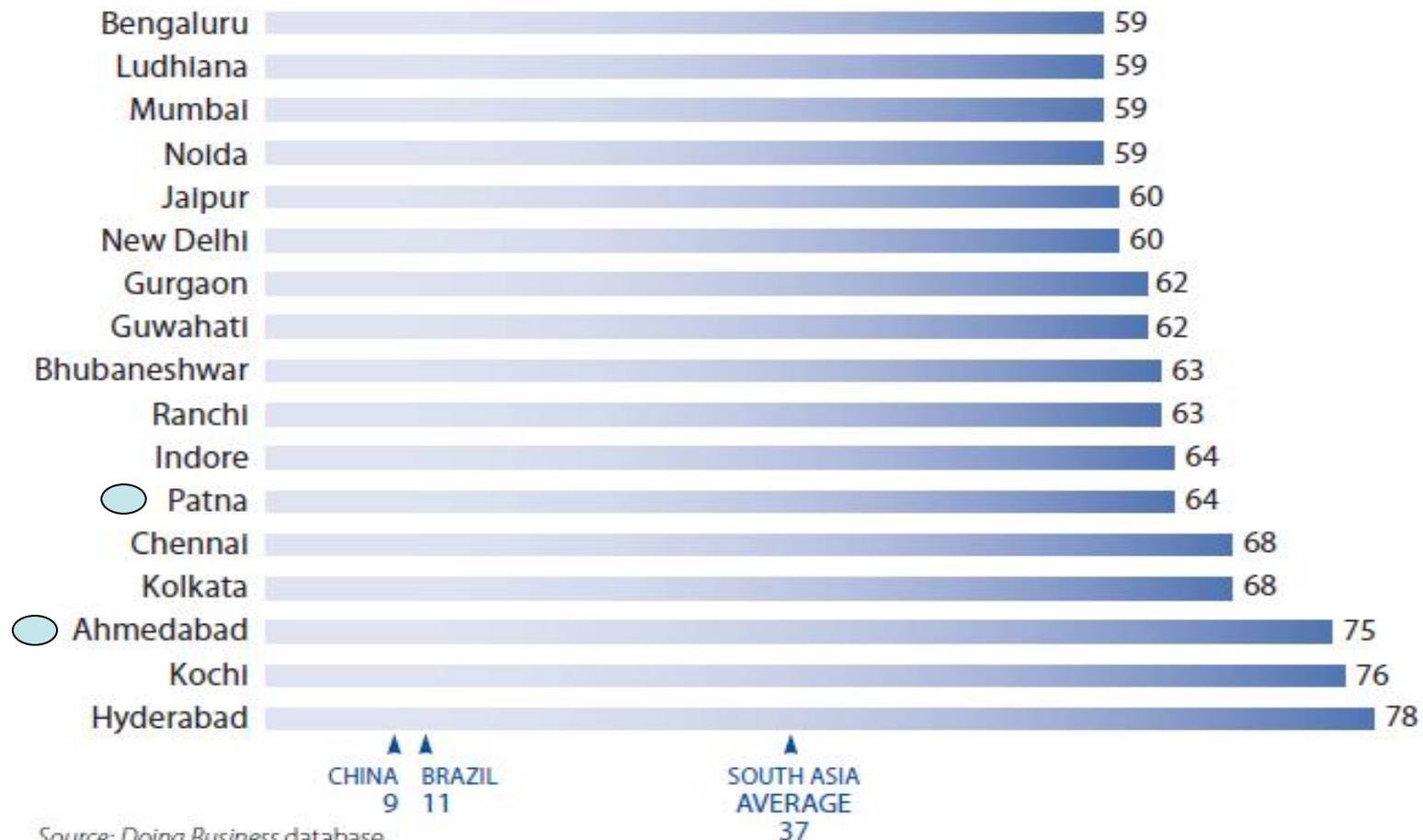
India	59 (Punjab) to 78 (Andhra P.)
South Asia average	37
OECD average	13
Bihar	64
Gujarat	75

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Figure 19: *Paying taxes*- Indian businesses make numerous tax payments

Indian businesses make numerous tax payments

Payments (number per year)



Source: Doing Business database.

Enforcing contracts –

This tracks the efficiency of the judicial system in resolving a commercial dispute by studying the time, cost, and number of procedures from the moment the plaintiff files a lawsuit through the trial and judgment until the actual payment through a public sale of the defendant's movable goods.

India ranks 182 out of 183 economies. Resolving a commercial dispute through a court takes on average 1,053 days with costs and attorney fees amounting to 39.6% of the value of the claim in India.

Table 11: Ease of enforcing contracts

Rank	City/State
1	Hyderabad (Andhra Pradesh)
2	Guwahati (Assam)
2	Patna (Bihar)
4	Ludhiana (Punjab)
5	Bhubaneswar (Orissa)
6	Kochi (Kerala)
7	Chennai (Tamil Nadu)
7	Jaipur (Rajasthan)
7	Noida (Uttar Pradesh)
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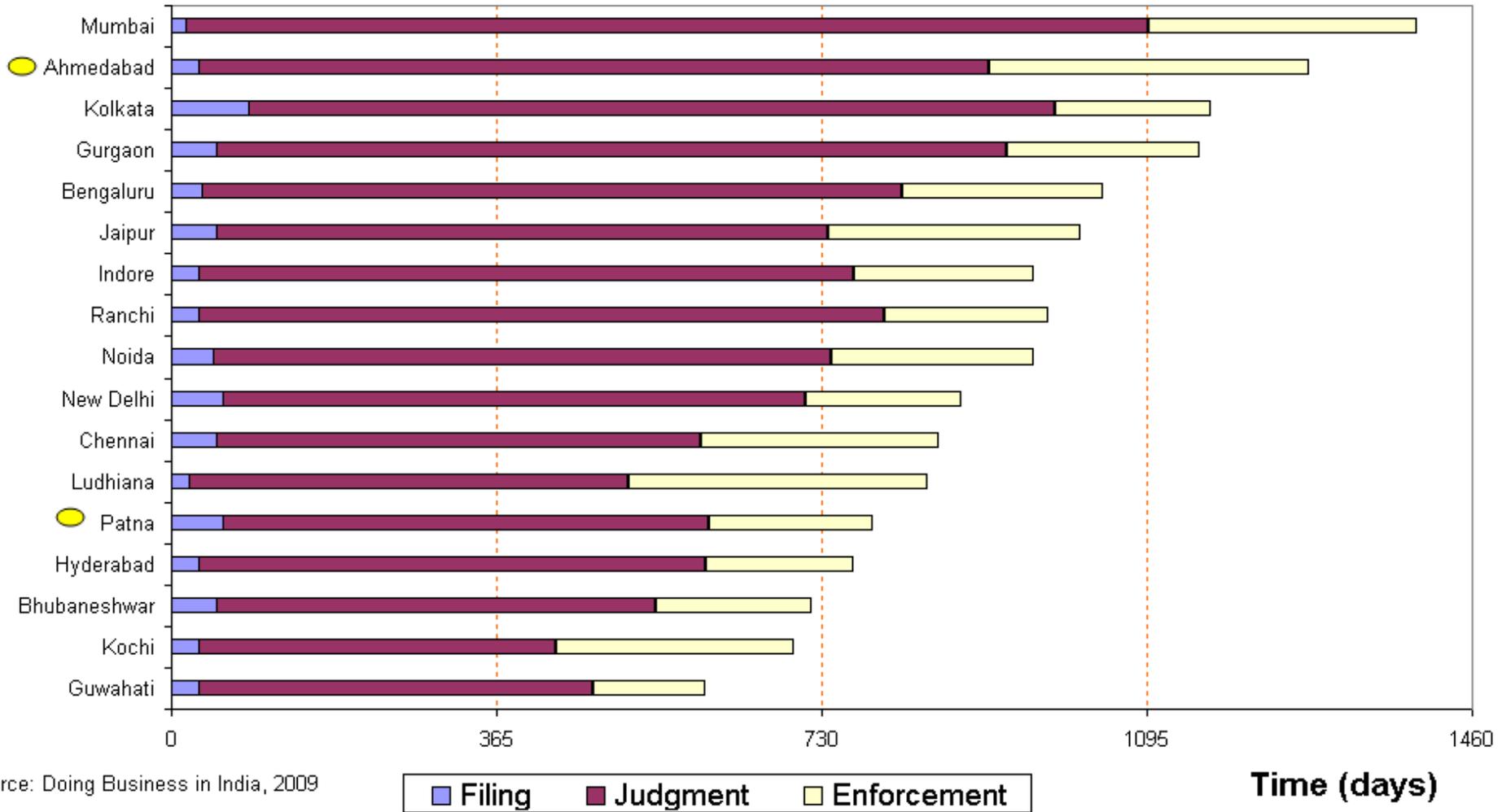
Time needed to enforce
a contract (days)

Assam	600 (1 st position)
Kerala	705 (2 nd)
Bihar	792 (5 th)
Gujarat	1,295 (16 th)

This reflects to some extent the differences in volume and backlog of court cases across states. Is it that Bihar's no. of judges per million population is higher than all India figure of 14 and no. of cases handled per judge lower than all India average of 4,000 ?

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Figure 21: Length of delays in the judgment phase across India



Source: Doing Business in India, 2009

Time (days)

Contract enforcement cost as
per cent of value of claim

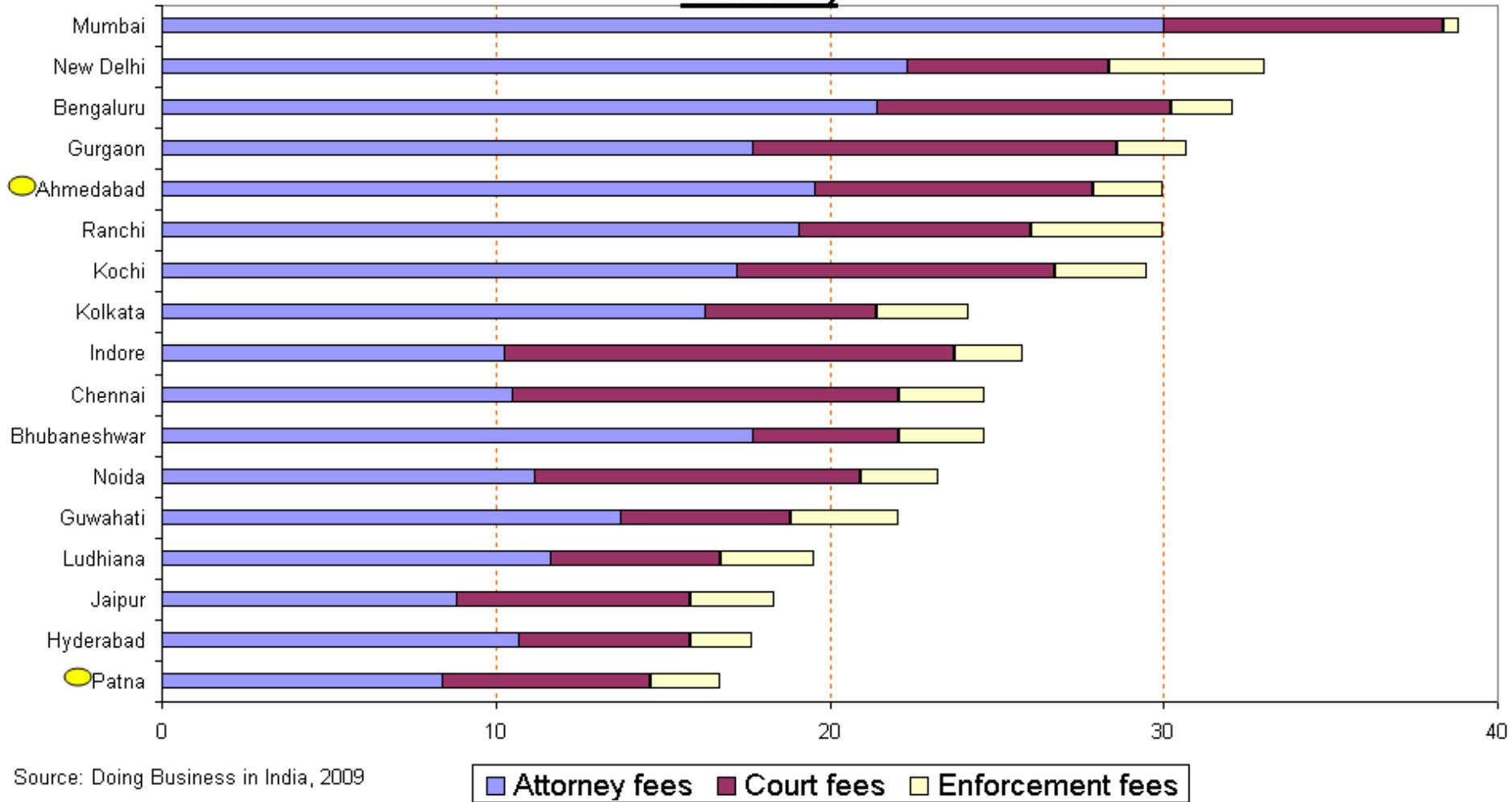
Bihar	16.9 (1 st)
Andhra Pradesh	17.8 (2 nd)
Gujarat	30.9 (12 th)
New Delhi	33.8 (15 th)
Maharashtra	39.5 (16 th)

Break up of
Average value of claim

Ad valorem fee	6 %
Attorney fees	16 %
Enforcement costs	2.6 %

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Figure 22: Cost to enforce a commercial contract across India (% of claim)



To address backlogs and delays court data need to be computerized along with support functions such as –

- case tracking
- document management
- deadline reminders
- automatic scheduling of hearings

Promotion criteria for judges. For e.g. Indore district and high court judges are given a mark for each case disposed which is considered for promotion

Alternative dispute resolution mechanisms such as arbitration and mediation procedures to be considered to reduce caseloads

Closing a Business –

This reports the maximum time, including appeals, to go through the insolvency process and debt enforcement procedures, from the moment the debtor defaults on the loan until recovery, and records the recovery rate of the creditor at the end of the bankruptcy process.

Table 12: Ease of closing a business

Rank	City/State
1	Hyderabad (Andhra Pradesh)
2	Ludhiana (Punjab)
3	Mumbai (Maharashtra)
4	Ahmedabad (Gujarat)
5	Bhubaneswar (Orissa)
6	Gurgaon (Haryana)
6	New Delhi (Delhi)
8	Bengaluru (Karnataka)
9	Indore (Madhya Pradesh)
10	Chennai (Tamil Nadu)
10	Kochi (Kerala)
12	Guwahati (Assam)
13	Ranchi (Jharkhand)
14	Jaipur (Rajasthan)
15	Patna (Bihar)
16	Noida (Uttar Pradesh)
17	Kolkata (West Bengal)

	<u>Gujarat</u>	<u>Bihar</u>
Time to close a business (years)	6.8	9.3
Cost (% of estate) to close business	7	10
Recovery rate (%)	15	12

The Roadmap for Setting up Industry in Gujarat

Identification of location for setting up industrial project



Approvals/Registrations/Filing with competent authority for setting up project



Registration of Business Organization



Land

**Obtain EC from MoEF,
GOI for Category A
Projects, SEAC, F&ED,
GoG for Category B
Projects (listed in EIA
Notification
Dt. 14/09/2006)**

**Obtain CTE
from GPCB (in
case land is
declared as
dark zone)**



Obtain CRZ clearances (if
applicable) from F&ED



Apply for Water to relevant authorities



Apply for Water to relevant authorities



Apply for Power to relevant Zonal Offices



Apply for Gas to relevant companies



Construction Permission from Urban Development Authority

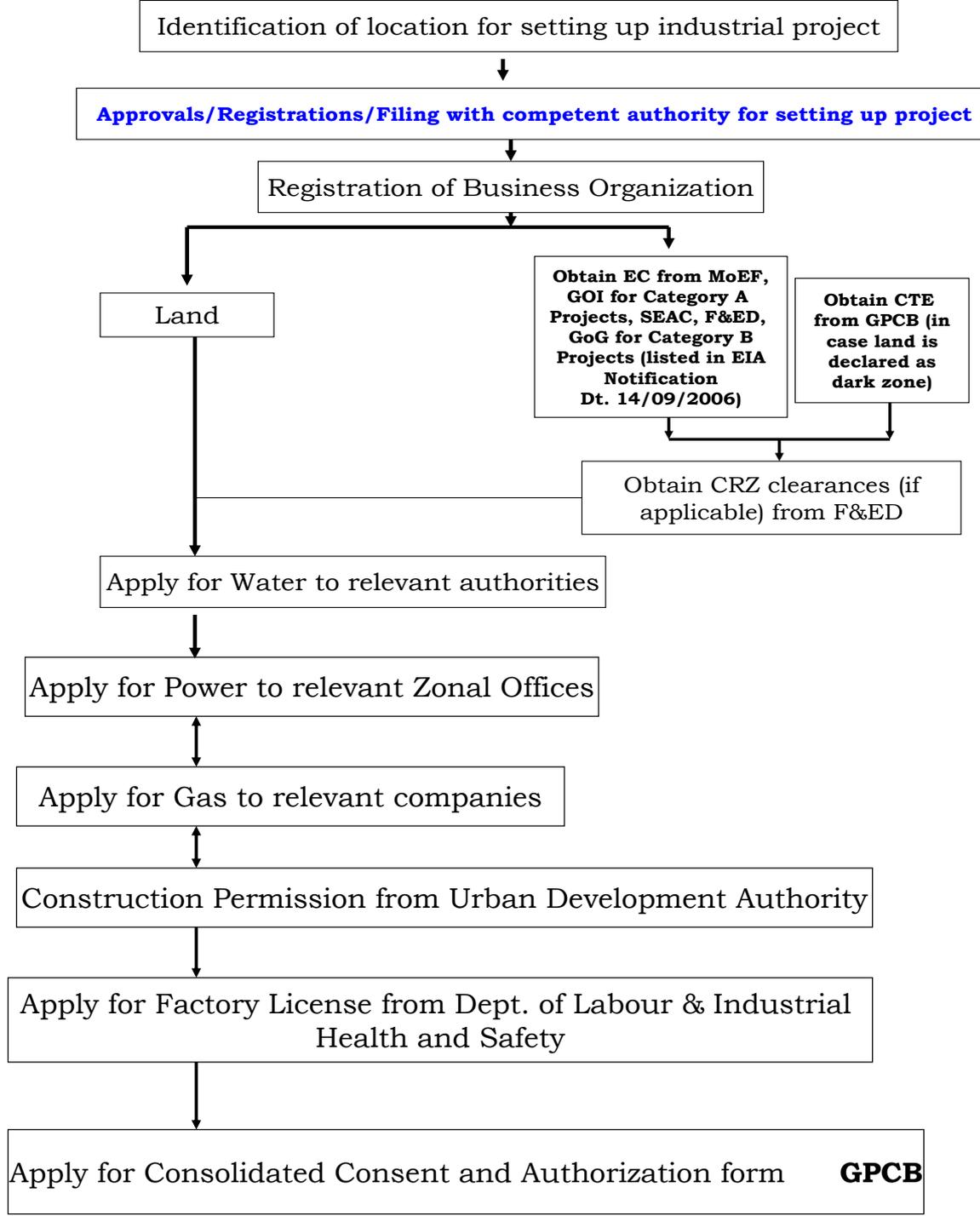


Apply for Factory License from Dept. of Labour & Industrial Health and Safety



Apply for Consolidated Consent and Authorization form **GPCB**

Figure 23: Roadmap for setting up Industry in Gujarat



Single Window Clearance System in Gujarat

Industrial Extension Bureau (iNDEXTb) is the single access window in Gujarat, set up in 1978 as a single point of contact for entrepreneur wishing to set up an industrial venture.

Three major roles of iNDEXTb –

- Identifying investment opportunities and information provision
- Marketing and Investment promotion
- Assistance to entrepreneurs

Governing Body of iNDEXTb

Chairman – Industries Commissioner of Gujarat

Members – **Managing Directors of all promotional organizations:**

- Gujarat Industrial Development Corp. (GIDC)
- Gujarat Industrial Investment Corp. Ltd. (GIIC)
- Gujarat State Financial Corp. (GSFC)
- Gujarat Small Industries Corp. Ltd. (GSIC)
- Gujarat Maritime Board (GMB)
- Gujarat Mineral Development Corp. Ltd. (GMDC)
- Gujarat Power Corp. Ltd. (GPCL)

Members – Managing Directors of all promotional organizations:

- Gujarat Power Corp. Ltd. (GPCL)
 - Gujarat Agro Industries Corp. Ltd. (GAIC)
 - Gujarat State Petroleum Corp. Ltd. (GSPC)
 - Tourism Corporation of Gujarat Ltd. (TCGL)
 - Gujarat Infrastructure Development Board (GIDB)
- Private industry members including renowned industrialists and Presidents of representative bodies of industries.

Growth of iNDEXTb -

In early stages industry in Gujarat was concentrated mainly in 4 cities – Ahmedabad, Vadodara, Surat, and Rajkot. Also, textiles was the predominant industry.

To promote diversification and overcome regional imbalances promotional agencies were set up –

GIDC set up in 1961 to acquire land and provide infrastructure for SMEs

GSFC in 1964 to finance new entrepreneurs as banks were not financing them

GIIC in 1968 to finance medium and large industry

By 1976 to kickstart industrial development new industrial centres set up in Vapi, Waghodia, Savli, Ankleshwar, Halol, and Kalol.

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Team led by Industries Secretary was deputed abroad to meet NRIs.

Many NRIs keen on returning mentioned red tape as primary obstacle holding them back

Based on feedback division within GIDC called the **International Division** was set up to facilitate NRIs.

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Within a year requirement was found to increase the focus of this activity.

Separate entity decided to be set up and its scope broadened to facilitate industrialists from within the country as well.

iNDEXTb set up on 29th July 1978 with Marketing Officer of GIDC International Division, Jay Narayan Vyas as founding Chief Executive.

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By 1997 office was shifted from Ahmedabad to Gandhinagar – from site of industry to site of government.

It gradually lost its autonomy. From serving entrepreneurs and industry it began post liberalization to serve government.

What are the limitations of iNDEXTb ?

Single Access point  One Stop Establishment

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Reasons –

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Reasons –

- Limited political clout
- Orientation difference between such an agency (Client and service driven) and other departments of government (Regulating investment and control)

- Questions about Single Window agency's **qualification** to understand how regulatory departments function when it suggests streamlining of procedures to reduce compliance costs on investors

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- Suggestion for change viewed as **trespassing** in others operational domains
- Attempt to reform investor entry process is seen as the beginnings of a **super agency** with unnecessary authority and power as it seeks to wield control and rationalize the investment approval process

Feature of a One Stop Establishment –

Approval granting bodies delegate their representatives to iNDEXTb and provide them with decision making power to actually grant approvals.

Investor interacts with fewer agencies whilst executing compliance related processes for getting projects approved.

ASSOCHAM President Dr. Swati Parimal indicates that this type of structure is required for timely execution of projects in Gujarat as $\frac{1}{3}$ rd of proposals were in implementation stage and $\frac{2}{3}$ rd were on paper.

- Success of an investment facilitation agency requires it to have a private sector business culture so that they drive the message of a proficiency of skills private investors can directly relate to

Accordingly advantageous if **staff** is a mix of those with public and those **with private sector** marketing and industry **experience**

Salaries must also resemble to some extent those offered in the private sector given recruitment is of those with private sector backgrounds

- Appropriate work culture also fostered if there is operational freedom given to achieve mandate of the agency

This requires **setting up agency outside of a ministry** rather than as a subunit of a ministry so that agency can plan independently of other subunits.

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- Competence in knowledge management with active research and a computer centre that maintains a bank of business information
- Relationship management in interactions with investors through –
 - response to investor queries
 - assigning single individual to assist potential investor
 - marketing and promotional activities