

## Evaluation of Competitiveness among North Indian States

### Background and Rationale

There has been an increased focus on enhancing the business climate in India and improving investor sentiment by the current government. One of the largest campaigns launched to achieve this has been 'Make in India'. The federal structure of the Indian economy means varying procedures, requirements, processes and above all, varying aspirations, capabilities, infrastructure and policies at the state-level. Thus, the states have to compete with each other for attracting investments in their respective regions for economic growth and development.

Given this context, the Department of Industrial Policy and Promotion (DIPP) is undertaking an exercise to rank the Indian states on the parameters of 'Ease of Doing Business'. This will provide a comparative assessment of the business climate and investment readiness, which could help in formulating effective strategies to address the state specific concerns. Undertaking the necessary changes to enrich business climate could provide them an edge over other states, thereby increasing their attentiveness towards the investors.

There is a considerable similarity in the federal structures between the United States (US) and India where the different states have necessary powers to influence the business climate. Learnings as well as guidance from the US could be beneficial to the Indian stakeholders as it would provide them a direction as well as an approach for adopting the necessary reforms.

Given this background, CUTS International with the support from the US Embassy, New Delhi aims to engage with relevant stakeholders, such as policy makers, industries, government departments, media, regulators, etc. from six North Indian States (Rajasthan, Himachal Pradesh, Uttarakhand, Haryana, Punjab, and Uttar Pradesh) and the US and bring them on a common platform for sharing knowledge/best practices on competitiveness issues with focus on 'Ease of Doing Business'.

### Objectives

- Sensitising relevant stakeholders about the means of improving competitiveness of the select North Indian states through the US experience, expertise and case studies.
- Sharing the best practices of the specified states in India regarding competitiveness and the lessons from the US on ease of doing business.
- Providing the select states an effective approach to address their critical issues. This is because states have different realities and hence need different solutions.

### Brief Methodology

The project would involve a Scoping Visit followed by a Speaking Tour in six Indian States: Rajasthan, Himachal Pradesh, Uttarakhand, Haryana, Punjab, and Uttar Pradesh, followed by a two-day

'International Symposium on Competitiveness' in Jaipur, Rajasthan for the relevant stakeholders to deliberate on the issues of competitiveness. Based on the Scoping Visit and Secondary Literature Review, a draft Background Paper will be developed identifying some of the critical areas of concern and best practices. In brief, the methodology is given below:

- **Literature Review and Stakeholder Interactions:** Intensive background research will be undertaken on available studies pertaining to 'Ease of Doing Business' and state-specific Briefing Papers will be prepared, highlighting the reforms undertaken by respective state governments. Further, few key stakeholders in the specified states would be interviewed to record their views and suggestions through a semi-structured questionnaire.

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- **Background Paper:** A draft Background Paper will be developed on the basis of the literature review as well as findings from the stakeholder interactions. This will focus on the issues of competitiveness in the above mentioned states. Also the key concern areas as well as the suggested steps to enhance the business climate would be identified. The issues highlighted in the Paper would be further deliberated upon during the Speaking Tour.
- **Speaking Tour:** The Speaking Tour would be conducted in two phases. The first phase will cover three states while during the second phase, the other three states would be visited. Two experts from the US with expertise for enhancing competitiveness would be identified. An expert from the US would accompany CUTS team for the Speaking Tours.
 

Moreover, the issues highlighted in the Background Paper would be beneficial during the interactions with the stakeholders and the Paper would be further reviewed and refined after the Speaking Tours. The audience for the Speaking Tour would include policy makers, industry associations, business leaders, research institutions, university audiences, and experts, who are most likely to benefit from such a discussion.
- **International Symposium:** Following the first phase of the Speaking Tour, an International Symposium will be organised in Jaipur, Rajasthan for two and half days, which would provide an opportunity for discussion on the challenges in doing business in the selected states and measures that can be undertaken for addressing critical concerns. The key stakeholders from these states can learn from each other's experiences and also from the approach adopted by some US states to enhance the business climate and accordingly extract best practices.
- Background Paper on issues relating to 'Ease of Doing Business' among the selected North Indian states
- Report of the Speaking Tours
- Report of the International Symposium
- Report by the US experts on the Speaking Tour and the Symposium
- Policy Brief on the basis of discussions and recommendations obtained from the Speaking Tours and the Symposium comprising the experiences of the US experts as well

## Expected Outcome

Learnings and guidance from the US would be beneficial to Indian stakeholders as it would provide them a direction and the right approach for implementing necessary reforms. These could be in terms of policy making, improvement in infrastructure, addressing the skill gap, strengthening the institutional framework, encouraging innovation and the use of technology, providing incentives among others. A platform for the specified states would be created for acquiring knowledge from one another's experiences and sharing their best practices.

## Monitoring and Evaluation

Monitoring of the project would be undertaken on the basis of performance of the milestone activities stated under the project by the project team and will be shared with the US Embassy. Each of the major activities would further be divided into smaller tasks to enable better monitoring and evaluation of the progress of the project. The milestones with relevant dates, progress as well as reasons for any deviations would also be recorded.

An Inception Report would also be prepared during the initiation of the project and shared with the US Embassy along with key activities, planned dates and other relevant details. Progress through the project would be mapped as per this report with details of the comparison of proposed dates *vis-à-vis* achieved dates and the status of the outcomes achieved. Delays, if any, outside the permissible margin, would be recorded along with comprehensive reasoning.

## Expected Output: Reports and Policy Brief

- Literature Review on 'Ease of Doing Business Reforms' initiated by the selected (six) state governments in North India