Experience of Northern Versus Other Regional States under Business Reforms

NCAER Survey Findings of 12 States

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Coverage of the study

• Two extensive surveys in 12 States; 24 Districts; 600 Firms. (Andhra Pradesh, Delhi, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Telangana, and Tripura)

• Two types of surveys:
  • Industry Level Survey
  • Government Level Survey
Perception of Firms

Is the Online Information Easy To Access?

% of firms

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CST (Central Sales Tax) Refund:
- 0 – 90 days: 22% of firms
- 90 – 180 days: 9% of firms
- 180 – 365 days: 14% of firms
- >365 days: 2% of firms

VAT (Value Added Tax) Refund:
- 0 – 90 days: 28% of firms
- 90 – 180 days: 14% of firms
- 180 – 365 days: 10% of firms
- >365 days: 3% of firms

Does the State Comply with the Defined Timelines?

% of firms

Source: NCAER calculations
Hurdles for Setting up Business (% of firms across regions)

Complying with environmental procedures
Approval for construction permits (if applicable)
Complying with labour regulations
Registering & complying with tax procedures
Carrying out inspections
Enforcing contracts

North  South  Central  NE
Have Firms obtained Information Online State Approvals? (% of firms)

Andhra Pradesh=AP, Delhi=DL, Gujarat=GJ, Haryana=HR, Karnataka=KA, Kerala=KL, Madhya Pradesh=MP, Maharashtra=MH, Punjab=PB, Rajasthan=RJ, Telangana=TG, Tripura=TR
Have Firms used Centralized Help Line Number for Application and Approval? (% of firms)

Andhra Pradesh=AP, Delhi=DL, Gujarat=GJ, Haryana=HR, Karnataka=KA, Kerala=KL, Madhya Pradesh=MP, Maharashtra=MH, Punjab=PB, Rajasthan=RJ, Telangana=TG, Tripura=TR
Usage of Facilities by Firms (% of firms)

**Usage of Single Window System (selected categories)**

- Consent to Operate, Water & Air Acts
- Incentives under Industrial Policy
- Permission for engaging Contractor for Labour
- Factory License

**Firm usage of Common Application Form for various Clearances/Approvals**

- Yes
- No

Source: NCAER calculations

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For VAT, Central Sales Tax, State Sales Tax, Service Tax

Online Filing and Payment (% of firms)

Helpline for Filing Returns (% of firms)

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Tripura=TR

Source: NCAER calculations
Complying with Labour Regulations (% of Firms)

Activities
- Filling and submitting application form online
- Online payment of fees
- Whether applications are processed and approved online
- Tracking of application status online
- Obtaining registration certificate online

For the following acts:
- The Factories Act, 1948
- The Minimum Wages Act, 1948
- The Payment of Wages Act, 1936
- The Contract Labour Act, 1970

Are the Applications Processed and Approved Online (% of firms)

Source: NCAER calculations

Is the Firm Allowed to Submit a Single Integrated Annual Return for all Labour Laws (% of firms)
Major Findings

- Majority of the firms in all the states (except Rajasthan and Tripura), accessed the e-platform. Online services were extensively used in the states of Andhra Pradesh, Telangana, Haryana, and Karnataka.

- All states (except Kerala and Tripura) allow single window clearances for approvals granted for starting a business. It was also found that the single window concept is not often applicable as some of the websites necessitate opening multiple web links.
Major Findings (Contd.)

- A section of the firms cited that states do not always adhere to defined timelines for providing clearances.

- A large number of firms in Delhi, Gujarat, Haryana, Punjab, and Rajasthan reported facing hurdles in obtaining approvals for construction permits, carrying out of inspections, and in processes of compliance with environmental procedures.

- Across all the states surveyed, firms have reported poor awareness about electronic court systems and on the efficiency in maintenance of records in courts.
Thank You

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