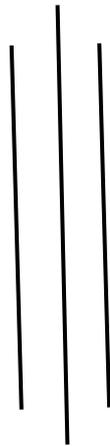


EVALUATION OF COMPETITIVENESS AMONG NORTH INDIAN STATES



**SPEAKING TOUR II:
RAJASTHAN & UTTARAKHAND**

Background and about the Project

With support from the American Embassy, North India Office, Consumer Unity Trust Society (CUTS) is implementing the project, 'Evaluation of Competitiveness among North Indian States'.¹ The objective of the project is to gauge the perspective of relevant stakeholder representatives (government officials, industry, academia, media, etc.) on reforms being undertaken in six North Indian states to propel State Competitiveness *vis-à-vis* Ease of Doing Business (EoDB) and bring them to a common platform for cross-learning and sharing the best practices. The select states include – Rajasthan, Punjab, Haryana, Uttar Pradesh, Himachal Pradesh and Uttarakhand.

The Directorate of Industrial Policy & Promotion (DIPP), Ministry of Commerce and Industry in collaboration with the World Bank (WB), has already been assessing the performance of Indian states based on an EoDB action plan. Thus, the project is timely owing to the major thrust on EoDB by the Centre. To support Prime Minister Narendra Modi's mission to make India a global hub for business and investment, it is important for states to become competitive and attractive for investors. In order to sustain the momentum, DIPP has been conducting the state ranking exercise annually. However, the ground realities suggest that the idea of state competitiveness *vis-à-vis* EoDB extends much beyond the suggested action plan by DIPP. Thus, the project aims to understand the existing ground realities from stakeholder representatives and the way forward on EoDB.

Under the project, CUTS prime responsibilities have been: (1) Organising a Symposium by bringing together relevant stakeholder representatives from all the six states and subject experts on a common platform to deliberate on the challenges and way forward in EoDB and facilitate cross-learning amongst them. (2) Organising two Speaking Tours, where an American Expert would visit the select states and CUTS would facilitate cross-fertilisation and exchange of best practices and ideas. As both India and the US have similar federal structure of governance with multiple State Governments working under Central Government agenda, the project envisages creating a cross-learning platform between both countries on EoDB Reforms and Competitiveness.

This report deals with the second Speaking Tour. The Tour was conducted in Jaipur, Rajasthan and Dehradun, Uttarakhand. The American expert brought on board was Shanthi Nataraj, Economist, RAND (Research and Development) Corporation who was accompanied by representatives from CUTS and American Embassy. During the Tour, Focussed Group Discussions (FGDs) and one to one meetings were organised with relevant stakeholder representatives. As mentioned above, the idea was to provide a platform to discuss ideas and best practices among stakeholder representatives from India and the American expert.

The report has been divided into two sections, while the first encapsulates the highlights of the meetings held in Jaipur, Rajasthan; the second encompasses the highlights of the meetings held in Dehradun, Uttarakhand.

¹ For more details regarding the project, please visit: <http://www.cuts-ccier.org/STATE-COMP/About.htm>

I. JAIPUR, RAJASTHAN

July 24-25, 2017



In Jaipur, Shanthi was accompanied by Douglas Fowler, Economic Officer, North India, American Embassy; and the CUTS project team. The Tour was held from July 24-25, 2017 and included two FGDs and four one to one meetings. Below is the narrative of the discussions.

1. Focussed Group Discussion: CUTS International, Jaipur

The discussion was chaired by Pradeep S Mehta, Secretary General, CUTS International, with a key note address by Shanthi, where diverse stakeholder representatives (listed in Annexure) discussed the EoDB challenges faced by firms in India and the measures to facilitate EoDB in the country through learnings from the US. The need for cooperation and competition among states was highlighted through the discussions.

Mehta set the stage by highlighting the need for adopting the US model of states being more empowered in terms of framing their own competition laws and having their own competition agencies. He also spoke about the need for a Cost-Benefit analysis for reducing regulations and designing a unique state-specific export policy to increase

competitiveness, along with creating an online portal that would help states to learn from the successful practices of each other.

Shanthi started her discussion by explaining an example of tax benefits introduced by few US states to movie production houses for shooting films in their respective states. Since this resulted in short-term benefits, other states also started implementing the same, with no long-term benefits. It was noteworthy, that none of the production houses moved their headquarters from Los Angeles as the supply-chain ecosystem was already established. This showed that mere tax incentives were not sufficient, in the absence of necessary infrastructure, qualified work-force etc. for companies to move their offices to different states.

The Small Business Innovation Research (SBIR) funding model of US, which was in 1990s discussed as an example for India to follow. This model mandated large corporations to invest heavily in Research and Development (R&D), to contribute 2.5 percent of such spending in small firms. Since start-ups are founded with own money and support of friends and family, such finances remain insufficient till the stage of receiving external funds is reached. Such cash-dry period (popularly known as Valley of Death) is where the SBIR funding comes in to ensure survival and growth of start-ups.

The State of Maryland in US launched its initiative on similar lines by having a competitive process for providing financial services to start-ups, with the help of private players. After vetting of business ideas by bureaucrats, start-ups pitch their ideas to large corporations for funding as they are in a better position for determining the business viability. However, since they are funded through tax-payer money, an *ex-post* analysis of the money spent on them is also conducted to ensure accountability and check corruption.

It was emphasised that financial services will not be the driving factor for businesses, but only give them a slight push. It was also advocated that companies usually have a two-step process (based on EoDB) for shortlisting a state for starting their business. The first stage for selection is based on the availability of infrastructure facilities like electricity, transportation, communication etc. The second stage focusses on labour mobility, i.e. ease of hiring and firing employees with least hindrances.

The State of California permitted employees to shift to from one company to another, without signing a 'non-compete agreement'. It was interesting to note: Intel was founded based on such flexible labour movement. Once shortlisting of three to four states in the two-step process is done, other EoDB parameters, such as Single Window Clearance (SWC) etc. are then considered.

Participants engaged in intensive discussions by sharing their opinions on the need for political stability and curbing corruption to improve EoDB across the State of Rajasthan.

The FGD concluded with consensus on the fact that short-sighted financial reforms and state reforms for competitiveness are not sufficient for long-term growth. Improving labour laws, infrastructure, education etc. will be more effective. Such an ecosystem will benefit Micro, Small and Medium Enterprises (MSMEs) more. Though tax credits do help as a final incentive, but cannot help in solving the fundamental ground-level problems.

2. Sreekant Tripathy, Assistant News Editor, Times of India

Sreekant Tripathy was invited for a meeting to interpret some of the emerging issues pertaining to competitiveness and EoDB in Rajasthan. Shanthi and Douglas along with the CUTS Project team were present for this interaction. Udai S Mehta, Deputy Executive Director, CUTS International briefly introduced the project and mentioned that one of the major findings was that all the States have introduced EoDB reforms as per the DIPP Action Plan, the impact of reforms has not percolated on the ground. Following this, Sreekant shared his perceptions on EoDB concerns in Rajasthan.

Although it appears that many policy reforms have been introduced but actually only few changes have taken place on the ground. Even though the situation has improved significantly over the past three years, but the State has a long way to go. With the Centre's agenda to promote competitive federalism, states have started competing amongst each other not only in EoDB but also in various other parameters. Besides, states have been competing on bringing in more investments also.

Lack of skilled and semi-skilled workforce is one of the major challenges in Rajasthan. Even though the State Government has introduced Skills Development Programmes, the defined targets are yet to be achieved. Moreover, there has been minimal focus on enhancing the quality of technical education, which is further losing ground with rapid automation and diminishing job opportunities. It was also mentioned that most investment-related decisions for Rajasthan are taken by *de facto* high-level authorities. Therefore, political influence in the system is a key to making investments in the State.

The State needs to provide a suitable ecosystem for MSMEs to flourish. MSMEs are burdened by compliances. Further, to voice the concerns of MSMEs, an MSME Council led by Industries Commissioner has been established and is currently housed in Udyog Bhawan, but the effectiveness of Council is a concern.

3. Amit Kumar Kedia, Director, Kedia Corporate Advisors (KCA)

Kedia Corporate Advisors (KCA) Pvt. Ltd. is a consultancy firm that works for small, medium and large enterprises across India in issues related to Corporate Advisory, Infrastructure Advisory, Corporate (indirect) Tax and Legalities, Valuation and Business

Modelling and Corporate Social Responsibility. Being a Corporate Advisory, KCA works as a handholding agency for businesses in Rajasthan and assists them in fulfilling various procedural requirements.

The main objective of the meeting with Kedia was to understand the major concerns of businesses and investors in Rajasthan. Shanthi and Douglas along with Rahul Singh, Policy Analyst and Kanika Balani, Senior Research Associate from CUTS International were present during the meeting. Rahul provided an overview of the project and highlighted some of the key findings emerging during the FGD held earlier with the various stakeholder representatives.

With the introduction of GST regime, businesses need significant assistance and handholding in understanding the new rules and procedures. Corporate Advisors are also finding it difficult to align themselves to the new GST rules. In Rajasthan, GST regime has impacted mining, textiles and marble industry negatively as tax imposition on each of these industries has increased.

Entrepreneurial activities in the State have increased over the past 2.5 years, but these businesses have been hit by the State's policy uncertainties. Further, real estate businesses have been largely affected with the introduction of Real Estate Regulatory Authority (RERA) Act, 2017. This new Act mandates businesses to first register their new projects and then only can advertise and promote their projects.

Access to finance for MSMEs is another major concern in the State. The Government has introduced the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) Scheme, offering collateral-free loans up to ₹1 crore to MSMEs. Similarly, under the Micro Units Development and Refinance Agency (MUDRA) loan scheme, the MSMEs may avail collateral-free loans up to ₹10 lakh. However, the implementation of these schemes has been not up to the mark.

Banks have not been able to disburse collateral-free loans owing to Non-Performing Asset (NPA) concerns. It was also stated that an MSME exchange has been set-up in India and 15 Initial Public Offerings (IPOs) from Rajasthan were listed on this exchange. The State Government was supposed to provide grants worth ₹2.5 lakh to each of these IPOs, but this never happened. While the MSME Ministry, Government of India mandates MSMEs to apply under Udyog Aadhar process for registration, banking and financial institutions (BFSIs) do not accept Udyog Aadhar based registrations as a valid document. This is applicable when a registered MSME applies for any loan application.

4. Sanjay Mamgain, Deputy Director Industries, Office of the Commissioner Industries, Rajasthan

The aim of conducting a meeting with Mamgain was to understand the Industries Department's progress and initiatives on implementing several EoDB reforms across Rajasthan. He was accompanied by Vivantha Prasad, an EY consultant working with the state government under its EoDB cell. Shanthi, Douglas and Rahul participated in this session. Rahul briefly introduced the project and highlighted some key findings emerging from the previous day's discussions.

Mamgain shared that the State Government has been the first-mover in amending various labour reforms to make it easy for new and existing businesses to operate in Rajasthan, with other states following the State's footsteps on this aspect. He also spoke about the SWCS that was set-up in 2016 to facilitate new businesses to start operations in Rajasthan. However, he mentioned that till date only 2-3 percent businesses are using the SWCS, while the rest 97-98 percent businesses still prefer the offline route to personally visit each department and apply for relevant licenses and approvals as such has been the procedure since many years.

To initiate an overall cultural change in such attitudes, the department is considering to channelise these offline applications via online route by mandating all state departments to gradually move under the SWCS umbrella and close their online portals. This transition is expected to start in the following two-three years. Mamgain accepted that deemed approvals are a myth as these do not fit the current verification processes of relevant state departments and BFSIs, leading to application rejections and difficulty to businesses to operate anywhere in the country.

5. Rao Rajendra Singh, Hon'ble Deputy Speaker, Rajasthan State Legislative Assembly

The purpose of having a meeting with Rao Rajendra Singh was to understand the perspective of a State Legislator on how to improve Rajasthan's competitiveness *vis-à-vis* other states. Shanthi, Douglas, Udai and Rahul were present for this interaction. Rahul briefly introduced the project and highlighted some key findings emerging during other discussions on the subject.

Singh started the discussion by posing GST as a major reform since India's independence and the fact that this reform has compelled all state policymakers to devise new and out-of-the-box policies to stay relevant and competitive to be an enabler for new businesses and investments, at the same time accommodative to ensure existing businesses prosper in the State.

Investments in Rajasthan must be pitched keeping in mind its diverse and rich natural resources across the State, such as abundant land capacity and renewable energy in the form of solar power. Another avenue is technology-enabled agro-reforms, which the State has started to explore and should be able to capitalise on its existing farming capabilities to ensure agriculture contributes to the State's competitiveness.

An overall behavioural change in the mind-sets and attitudes of state public administration and bureaucracy is the need of the hour that may eventually become an incentive to attract businesses and make Rajasthan more competitive. Several initiatives in the field of tourism, electricity reforms, organic farming and start-ups have been introduced in recent times that might lead to overall economic and social prosperity. Another major reform measure could be to upgrade the current education system and map it to the industry's training requirements by developing relevant vocational training programmes, so that more credible jobs are created to help the youth and workforce resource of Rajasthan.



6. Focussed Group Discussion: MNIT, Jaipur

The discussion was chaired by Prof. Awadhesh Bhardwaj, Head, MNIT Innovation & Incubation Centre (MIIC). Shanthi was the key speaker and Kanika was the session moderator. Participants included members from MIIC, incubatees, faculty from MNIT's Department of Management Studies and management students amongst others. The discussion focussed on various issues faced by start-ups despite several EoDB reforms in the State, and how incubation centres may provide an ideal platform for start-ups.

Kanika introduced CUTS and provided an overview of the project to set the stage for discussions by talking about EoDB reforms introduced by states in India based on DIPP's EoDB Action Plan and the impact of reforms on businesses. Prof. Bhardwaj welcomed all participants and shared his views on India's rank as per the WB's EoDB index and emphasised on the need for India to introduce better reforms and move up the ladder with reference to these rankings. Furthermore, Shanthi shared the US model and highlighted the best practices adopted by the US states to facilitate EoDB in different sectors.

Access to finance remains to be one of the major issues, with many start-ups and MSMEs compelled to approach their friends, family, or are self-funded initially. A brief study by MNIT revealed that MSME entrepreneurs are not trained and unaware of various government schemes, which may help them propel their businesses. Shanti elucidated how trade and industrial policies impact productivity of small firms. The participants discussed about the investment climate required for start-up business, how Investors and incubators play an important role, allowing start-ups to develop and nurture.

MNIT introduced their incubation centre and explained how the registration process itself involves initial screening of ideas and reviews from various technical/business experts, giving these incubatees credibility. The centre also allows a knowledge-exchange platform and match-making of like-minded concepts that may merge into one single idea. It also enables an investor to explore these ideas and select the most striking one. MNIT also apprised their students' training programme on entrepreneurship from 1st year onwards, so that they groom their ideas to mature level.

Shanti commended India on the recently announced GST tax reforms, which US has been trying to do since decades. She also commented on the similarity between India and the US on federalism, and how it allows better competition and cooperation between states. In US, BFSIs are ranked upon their ability to finance successful business ventures. Shanti also pointed out the differences between the incubator cells in both the countries. In US, Incubator cells are usually for start-ups that need technical support, such as laboratory or equipment but in India, even non-technical start-ups are incubated and supported.

Moreover, US has more private banks, and hence there is tough competition, India has more government banks, and there is lack of competition. This is the reason why US small firms get more benefits. The Silicon Valley owes its establishment to the government as the defence sector demands for technology during Second World War fuelled the formation of this ecosystem in California. Also, US investors take risks with the assumption that there might be lesser chance for the idea to succeed. Such a positive support system encourages more research and innovation on new ideas that help development of a healthy start-up ecosystem in the US.

Most MICC incubatees were largely satisfied with current government's support and processes. MNIT suggested that they help other educational institutes in setting up cells and similar approaches could be taken by sharing key learnings, expertise and best practices. All educational institutes should constitute Entrepreneur Development Cells to promote and support innovative ideas. Schools should have labs to promote inquisitive growth and curiosity among young students. Shanti suggested that expanding businesses by increasing number of employees is lacking and needs to be focussed upon, along with learning from experiences of Massachusetts Institute of Technology's model of incubators.

II. DEHRADUN, UTTARAKHAND

July 27-28, 2017



In Dehradun, Shanthi was accompanied by Mandeep Kaur, All India Principal Programme Advisor, Public Affairs, Section, American Embassy and Rahul Singh from CUTS. The Tour was held from July 27-28, 2017 and included two FGDs and two one to one meetings. Below is the narrative of the discussions.

1. Focussed Group Discussion: Office of Chief Secretary, Uttarakhand

This Focussed Group Discussion (FGD) was organised by Pankaj Gupta, President of Industries Association of Uttarakhand (IAU). The meeting was chaired by S Ramaswamy, Chief Secretary and co-chaired by Manisha Panwar, Principal Secretary – MSME. Other state government officials were from the Department of Industries, Power, Urban Development, Labour and Employment, Forest and Drinking Water. The meeting was also attended by members of IAU that owned manufacturing businesses, such as pharmaceuticals, packaging, automobile ancillaries, cables, pipes, etc. The purpose of

this FGD was to understand the reforms being undertaken in the State to make the industrial climate more competitive and exchange information with Shanthi.

Manisha provided the inaugural remarks by highlighting the State Government's achievements in implementing several EoDB reforms to make industries and business thrive in the State. She said that the year 2016 was dedicated to streamlining and restructuring processes within the State departments, while 2017 has been dedicated to ensure external discussions and outreach with industries, so that they synergise with the State departments and create a viable business environment. She also mentioned that the State Government has prepared a draft policy to create a start-up ecosystem and would need suggestions to improve this policy.

Shanthi presented her ideas and thoughts effectively by highlighting several examples of how various states in the US had developed strategies to be more competitive and attract businesses by providing financial incentives, key infrastructure and labour reforms. While these states experienced significant boost in the initial years, most of the other states gradually replicated these incentive models that led to a similar structure in various regions of the US.

Hence, short-term incentives were unable to establish competitiveness. Key infrastructure and EoDB reforms in labour and employment then became a priority among businesses to select a viable state for further expansions. Manisha shared that the start-up policy envisages creating a Public-Private Partnership (PPP) venture capital fund where state government would hold equities in viable start-ups and whether such a model existed in the US. Shanthi mentioned that such models are worthwhile and prevalent in many counties and local governments of US, however there have been mixed results with indefinite success rate.

Uttarakhand is struggling with access to skilled workforce, access to sea ports and lack of business incubators for new businesses. It was also realised that with the introduction of Goods and Services Tax (GST) regime, the financial incentive mechanism has been neutralised across the country and innovative ideas were need of the hour.

IAU members stated that market access and logistics also hampered in attracting businesses in the State. There is a need to consistently promote local industries. 'Deemed Approval' was another major problematic area that was not benefitting businesses as the current reform process did not generate any document or evidence, which would suffice other departments' and financial institutions' verification mechanism.

Moreover, there was also a request to integrate queries and grievances of existing businesses through the SWC system, which currently is designed to accept applications for new businesses only. It was also important to create a mechanism where best

practices from other states (especially the hilly states) could be shared and exchanged in order to become more competitive. With reference to the pharmaceutical sector, there is only one privately-owned testing laboratory for the entire State that operates out of Rourkee and many such laboratories should be promoted to help the pharma sector to grow.

Rahul proposed that the State should design its own export policy by looking at global supply chains to promote the State's industries and businesses. IAU also voiced for an Innovation, Design and Product centre that would provide several common facilities for existing and new businesses. Since most licences and permits are issued at district-level, it would be a game-changer if these EoDB reforms are further developed and penetrated at district-level, so that other regions within the State can acquire benefit from these reforms.

Further, Rahul also recommended that the labour department must include digital payments as part of the State's skilling programme to train rural youth to promote the financial inclusion initiative of the present government. This will also help in pushing entrepreneurial activities. This would require the State Government to focus on improving the current ICT infrastructure as well, which would help such initiatives and also add value to the GST reforms. With improved ICT infrastructure, more skilled employment would be generated.

However, it was also important to ensure that such initiatives are sustainable as current skillsets may be redundant with the influx of digital automation across the globe. Tourism and Agriculture are the best-placed sectors that might act as sustainable industries for job growth and overall prosperity of Uttarakhand.

Radhika Jha, Secretary of Power and Urban Development, opined that solid waste management is becoming difficult in the State and a viable PPP model can be beneficial as a new avenue to attract new businesses.

Lastly, S Ramaswamy summarised the FGD with the following action points:

- Single Window Clearance System will be enabled to accept queries and grievances from existing businesses.
- Once new businesses attain 'Deemed Approval' status, they will be given a stamped document from the EoDB cell that will act as an evidence to facilitate verification process of other state departments and financial institutions.
- Such stakeholder interactions would now be conducted regularly (every quarter) to facilitate businesses.



उद्योगपति बोले- उद्योगों के लिए माहौल सुधारें

देहसदून | वरिष्ठ संवाददाता

मांग

- इंडस्ट्रीज एसोसिएशन ने मुख्य सचिव के साथ की बैठक
- सीएस के अफसरों को निवेशकों की समस्या दूर करने के निर्देश

हैं। इस वजह से कई उद्योग राज्य से शिफ्ट हो रहे हैं। उन्होने कहा कि प्रदूषण नियंत्रण बोर्ड सहित कई विभाग अभी भी उद्योगों को रिन्यूअल देने में देरी कर रहे हैं। मुख्य सचिव ने अधिकारियों को निवेशकों की समस्याओं के समाधान के निर्देश दिए।

‘एमएसएमई में अमेरिका की नीतियों को उत्तराखंड में आजमाएंगे’

अमर उजाला ब्यूरो देहरादून। 2.

व्यापारिक सुधार विषय पर राउंड टेबल कान्फ्रेंस का आयोजन



राउंड टेबल कान्फ्रेंस में चर्चा करते वक्ता।

उत्तराखंड में सूक्ष्म, मझोले एवं लघु उद्यम (एमएसएमई) की प्रतियोगी क्षमता बढ़ाने और कारोबार के माहौल को सरल बनाने के लिए व्यापारिक सुधार विषय पर आयोजित राउंड टेबल कान्फ्रेंस में वक्ताओं ने औद्योगिक उद्यमिता विकास को उत्तराखंड की तरक्की का आधार बताया। इस दौरान तय किया गया कि अमेरिका में एमएसएमई सेक्टर की सफलता के लिए अमल में लाई गई नीतियों से प्रेरणा लेकर उत्तराखंड को समृद्ध बनाया जाएगा।

बृहस्पतिवार को यूएस एंजेसी, इंडस्ट्रीज एसोसिएशन ऑफ उत्तराखंड और कटर्स इंटरनेशनल के तत्वावधान में आयोजित कार्यक्रम में मुख्य सचिव एम रामास्वामी ने कहा कि नए उद्यमों को प्रोत्साहित करने

लिए स्थापित उद्यमों की परेशानी दूर की जाएगी। उद्यमियों की दिक्कतें दूर होंगी तभी उद्योग और उद्यम प्रगति कर पाएंगे। लिहाजा सरकार और व्यापारिक समूहों को सकारात्मक नजरिये से काम करना होगा। समस्याओं के निराकरण को

प्राथमिकता दी जाएगी और एक खिड़की प्रणाली को अधिक कारगर बनाया जाएगा। एमएसएमई की प्रमुख सचिव मनीषा पंवार ने कहा कि प्रदेश में औद्योगिक विकास को गति देने के लिए मिलकर काम किया जाएगा। आर्थिक वृद्धि और उद्यमों को बढ़ावा

देना सरकार की प्राथमिकता में है। रैंड कारपोरेशन के अध्यक्ष श्री शांति नटराज ने कहा कि उद्यमों की गति बढ़ाने वाली नीतियों को बढ़ावा देना होगा। एमएसएमई सेक्टर बढ़ेगा तो रोजगार के अवसर सृजित होंगे। कटर्स इंटरनेशनल के राहुल सिंह ने कहा कि निर्यात पर भी ध्यान देना होगा। हमें अमेरिका से बहुत कुछ सीखना है। आयोजक इंडस्ट्री एसोसिएशन ऑफ उत्तराखंड के प्रेजिडेंट पंकज गुप्ता ने कहा कि प्रदेश में इनोवेशन, डिजाइन एवं प्रोडक्ट डेवलपमेंट सेंटर की स्थापना होनी चाहिए। उत्तराखंड में निर्यात को अपार संभावनाएं हैं। लिहाजा सरकार एवं उद्यमों के बीच संवाद होते रहना आवश्यक है। उत्तराखंड अपनी बुनियादी ताकत को आधार बनाकर आर्थिक गतिविधियों का बड़ा केंद्र बन सकता है। कार्यक्रम में नौकरशाह व उद्यमी और नीतिकार उपस्थित थे।

2. Focussed Group Discussion: World Integrity Centre (WIC)

FGD was organised by Nazia Izuddin, President of World Integrity Centre (WIC). The FGD had diverse and small local entrepreneurs as participants to discuss the State's competitiveness *vis-a-vis* EoDB. Mandeep initiated the discussion by introducing the project idea and why it was important to study this subject in depth and identify the existing gaps. Rahul spoke about CUTS' role and keen interest in the project, which would be helpful for the overall growth and development of North-Indian states and



attract businesses and investments in Uttarakhand.

Shanthy initiated the FGD by sharing her experience till date on the project and presented some of the ideas and practices that US had adopted to improve competitiveness and EoDB across the country. This was in fact a free flowing FGD where participants were encouraged to share their experiences and issues in doing business in Uttarakhand. It was observed that the State is still plagued with severe corruption and regulatory issues that hamper growth and progress of small businesses.

While small businesses are supposed to provide Employee Provident Fund (EPF) and comply with Employee State Insurance (ESI) Act, the stringent labour reforms and deficiencies in medical facilities do not synergise with promoting employee welfare. The current GST regime has mandated all MSMEs to comply with various processes that had deeply impacted business operations, especially handicraft sector.

Besides, small businesses need to have a collective voice while raising such issues at the right platform. Outcomes of the previous FGD were highlighted for the knowledge of the participants and they were advised to participate with IAU, so that to benefit all MSMEs as they are the key job creators and act as important suppliers to large industries.

Rahul summarised the FGD by explaining that despite all challenges, MSMEs have the drive and energy to grow and would continue to do so in future. It was suggested that while problems and challenges will be there, it would be important to flag viable

solutions among like-minded stakeholder representatives and State Government in order to improve business environment in the State.

3. Meeting with Anoop Nautiyal, Founder, Gati Foundation

This one to one meeting was scheduled to get a perspective from Anoop Nautiyal, Founder, Gati Foundation, an important non-state actor prevalent in Dehradun since 2017 and working on issues like Urbanisation, Road Safety and Public Health. He first asked Shanthi to offer three viable solutions out of the two FGDs that took place with government and industry. Shanthi responded by saying that the State must work on fundamental challenges of corruption, labour reforms and basic infrastructure (ICT, logistics, rail-road connectivity) that would go in a long way in creating a sustainable and competitive business environment along with attracting more investments. This would ensure the State's overall development, growth and prosperity.

He then listed down three persistent challenges that are creating hurdles in the progress of the State: 1) 'Inconsistent Political Leadership' with ten Chief Ministers during the entire 17 years since the origin of Uttarakhand as a State; 2) 'Shifting of Goal Posts' approach with no clear focus on aligning state objectives with the State's strengths on tourism, renewable energy, organic farming, horticulture; and 3) 'Benchmarking' approach as the State constantly compares itself with either Uttar Pradesh as it was part of it before been carved out with Chhattisgarh or Jharkhand as these States were formed along with Uttarakhand in November 2000, or with other Himalayan States, such as Himachal Pradesh or the North-East states that have been in existence much before Uttarakhand.

Nautiyal also shared an interesting fact that Uttarakhand ranks the highest in number of protests as compared to all other Indian states. While such is the case, there has been no effort to channelise the energy and vibrancy of these protests for the State's benefit. The State has provided many high profile leaders and visionaries to the nation, but largely the population lacks entrepreneurial skills.

Some innovative ideas like converting the Hardiwar-Rishikesh region as the world's Yoga Centre would have a trickle-down effect in developing entrepreneurial ecosystem and working on the State's strengths to become more business-friendly. While the State has a lot of potential and hardworking population, it is important to overcome the above-mentioned challenges in order to catalyse investments and business growth.

4. Meeting with Harish Chandra Singh, Editorial Head, Amar Ujala, Dehradun City

This meeting was scheduled with Harish Chandra Singh to understand the local media's views and perspective on the State's progress on EoDB reforms. Shanthi, Mandeep and Rahul shared their experiences from previous FGDs and Jaipur Tour to provide a background and highlight some key findings on the theme.

Singh highlighted several on-ground challenges that the State Government must immediately focus to become more competitive and ensure sustainable EoDB measures for the growth and welfare of Uttarakhand. He began the discussion by saying that there is a distrust issue among citizens as inconsistent state leadership with their repeated promises and publicity stunts have dented their hopes and beliefs.

In terms of employment, though there are large-scale industries in Uttarakhand but most of them are merely packaging units and not work on research and innovation. As a hilly state, Uttarakhand has been impacted with extreme weather conditions and lacks basic infrastructure to overcome such conditions.

Singh summarised the discussion by sharing that there seems to be a hope with this new State Government elected in March 2017 as the political party at the State and Centre are similar. This will ensure better coordination and more funding for pushing the State's reforms.

Annexure: List of Stakeholders in the Speaking Tour

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