

**GOVERNMENT OF INDIA
PRIME MINISTER
LOK SABHA**

UNSTARRED QUESTION NO:1528
ANSWERED ON:14.08.2013
INVESTMENT CLIMATE
Mani Shri Jose K.

Will the Minister of PRIME MINISTER be pleased to state:

- (a) whether the regulatory environment in the country is becoming a challenge to investment;
- (b) if so, whether there is a proposal to assess the investment climate and business regulations prevalent in different States;
- (c) if so, the details thereof;
- (d) whether the National Manufacturing Policy in taking care of such hurdles; and
- (e) if so, the details thereof?

Answer

MINISTER OF STATE FOR PARLIAMENTARY AFFAIRS AND PLANNING (SHRI RAJEEV SHUKLA)

- (a) The Twelfth Five Year Plan document which was approved by the National Development Council in December, 2012 recognizes some issues which hinder the growth of the industrial sector and they include availability of land, access to finance, lack of depth in technology, delays in environmental clearances, barriers to employment generation and deficient business regulatory environment.
- (b) & (c) Each State differs in the prevailing regulatory environment and thereby in the nature of investment climate. Assessments in this respect are made by the States themselves. However, in order to improve investment climate, the Government have recently taken up various measures, inter alia, the Companies Bill, 2012, FDI Policy initiatives and e-Biz mission mode project under the National e-Governance Plan (NeGP).
- (d) & (e) The National Manufacturing Policy notified on 4th November, 2011 has addressed some of the issues concerning rationalization and simplification of business regulations that include simple and expeditious exit mechanism also for manufacturing units. National Investment and Manufacturing Zones (NIMZs) is one of the instrumentalities of the Policy. The Policy envisages the NIMZ and /or industrial clusters to be governed by a special purpose vehicle (SPV) headed by a government official. SPV is envisaged to have delegated power of clearances under relevant laws and regulations wherever possible. Further, to enable the NIMZ to function as self governing and autonomous body, the policy requires that it would be declared by the State Government as an Industrial Township under Article 243 Q(1)(c) of the Constitution. The Policy is based on the principle of industrial growth in partnership with the States. It is the prerogative of the States to adopt the instrumentalities provided in the policy.