Contents

Introduction .................................................................................................................................................. 2
Purpose and Importance of Assessing Investment Promotion Readiness .......................... 3
Pillars of Survey ........................................................................................................................................ 3
  Mandate and Organization .................................................................................................................. 3
  Strategy and Marketing ....................................................................................................................... 4
  Targeting Investors ............................................................................................................................. 4
  Winning Investment Projects ............................................................................................................... 4
  Facilitating Investment ........................................................................................................................ 4
  Aftercare .............................................................................................................................................. 4
  Systems & Infrastructure ..................................................................................................................... 4
  Website ............................................................................................................................................... 4
Summary of “Assessment of State Investment Promotion Preparedness 2017” .............. 5
Introduction

A strong collaboration between Invest India and the Indian State Investment Promotion Agencies (IPAs) is crucial for ensuring a seamless investor experience and building a highly conducive investment climate in the country. In this pursuit, Invest India has been actively working with The IFC (World Bank Group) on a project, aimed at strengthening the investment promotion and facilitation preparedness of the State IPAs.

In Phase I of this project, Invest India in association with IFC (World Bank) undertook an assessment of investment promotion preparedness of State IPAs. The outcome of the survey was covered in the National Report which was released in the second National Level Capacity building workshop held in March 2018.

The objective of the survey was to identify areas of strengths in the State IPIs, together with recommendations on areas that could be improved. The report covered a survey conducted across 21 states focusing on 8 themes on the basis of 55 questions on investment promotion and facilitation. These 8 themes were selected to ensure the results cover all the aspects of investment promotion comprehensively and measure the State IPIs against global best practices. Invest India and IFC (World Bank) teams travelled to each of the 21 States to carry out the survey by holding interactive meetings with the relevant State agencies validating the responses. The results of the survey were consolidated and weighted average scores were assigned to the State IPIs followed by bucketing under four groups.

During the year, Invest India worked with various state governments on the areas of structuring/restructuring IPAs, advisory on Summits and facilitation of investments.

The Phase II of this project aims to further strengthen the state relation and deepen the collaboration towards the common objective of attracting investments. To carry forward from the success of the previous survey, a new set of 74 questions on 8 parameters will be launched during the 3rd Capacity workshop. These questions have been carefully framed to incorporate the performance of the states in the previous year and feedback received from the states.

In this Phase, a survey-based rating of State IPAs would be conducted through an ICT platform.

The Stages in Phase II are mentioned below:

Stage 1 – Feedback on Draft Survey: A draft survey comprising of 74 questions across 8 pillars along with guidance notes was shared with the States in October. The States submitted their feedback by November 2018.

Stage 2 – Launch of the project: State IPA Rating was launched at the third-national level capacity building workshop, in December 2018. The survey is being conducted through an online portal, for which all States have been provided with unique log-in credentials. The final date for submission of responses is June 6th, 2019.

Stage 3 – Evaluation & Results: The validation of responses will be carried out by a team of experts in Q1&Q2 2019. Post announcement of results, the ICT platform will remain open for a two-month
period, during which the State IPAs can continue to upload proofs of their further improvements, on a real-time basis.

There’s more to winning investments than attracting investors. Projects must be grounded and investments retained. And that’s where the responsiveness and pro-activeness of State Investment Promotion Intermediaries (IPI) becomes critical. State IPIs have the power to translate investor interest in India into successful projects for the state and the nation. An empowered state IPI can also provide inputs to develop policy and improve the overall ecosystem for development of state and specific focus areas.

**Purpose and Importance of Assessing Investment Promotion Readiness**

Direct investment plays an important role in a location’s economic development. While investment in India has increased over the years, there is also growing competition between States to win this investment. Investment Promotion Intermediaries (IPIs) are key institutions for delivering increased level of economic prosperity through the attraction of domestic and foreign investment.

Invest India is the official Investment Promotion and Facilitation Agency of the Government of India. While Invest India is positioned as the first point of reference for potential investors, it is actively working with IPIs in States to enhance investment promotion and facilitation activities. A strong working relationship between Invest India and these IPIs is crucial for ensuring that a broad range of locations throughout the country benefit from increased investment.

The importance of IPIs demonstrating good practice is predicated on two key aspects. First, there is a greater level of competition to win projects. IPIs are becoming increasingly proactive and sophisticated in their activities, and at the same time, investors are now aware of a broader range of potential suitable locations. Hence, an IPI must do more to land an investment. Second, the nature of direct investment is evolving towards projects that are typically more technology-driven, which create higher wage employment, but with lower overall job creation. This means that an IPI needs to be competing for more projects, if it is to maintain a consistent level of economic impact, at least in terms of headline job numbers.

**Pillars of Survey**

The survey uses a detailed multiple-choice survey to measure the extent to which State IPIs are prepared in carrying out investment promotion services.

**Mandate and Organization**

This theme is the fundamental starting point for any investment promotion effort. The IPI needs to have a clear mandate for carrying out its functions, together with staff that have the training and role specification that ensures they are able to focus on these specialized activities, rather than their time being taken in other unrelated areas.
Strategy and Marketing

This theme considers when an IPI has an approach that gives it the best chance of being successful in attracting investment. This includes an overall corporate plan, together with having identified priority sectors and target markets, and defined metrics for measuring success.

Targeting Investors

This theme focuses on whether the IPI is well prepared to proactively target companies. In particular, whether they have researched a list of high potential opportunities, and have developed relevant information on priority sectors, which they can use during the targeting process.

Winning Investment Projects

This theme focuses on whether the IPI is able to convert opportunities in its pipeline to actual projects. This is partly about having the right processes in place to quickly and consistently reply to investors’ information requests. It is then about the breadth and depth of specific, relevant information the IPI is able to provide.

Facilitating Investment

This theme looks at whether IPIs provide the right level of support to investors after they have made a decision to invest throughout the implementation process. This involves providing support as the investor looks to gather the relevant licenses, permits and clearances. This support should help to simplify and make the process more transparent for the investor.

Aftercare

This theme is based on the level of support that an IPI typically provides to an existing investor, to help them maintain and expand their presence in the location. The survey asked two simple questions: whether IPIs know who their existing investors are, and whether they have a strategy for providing support to them.

Systems & Infrastructure

This theme reviews the IPI’s use of technology to support its activities. This includes a broad range of functions, from tracking of opportunities, to gaining access to online research, and use of social media for promotion purposes.

Website

This theme reviews the website of every State IPI, particularly concerning its design and relevant content for potential investors. Investment promotion sites are often the first port of call for investors or their advisors as they search for new investment opportunities and locations. A website that communicates a location’s advantages clearly and credibly, while conveying a sense of the organization’s professional competence and customer care, will maximize the chances of gaining investors’ interest, thus securing a place for their location in their short lists.
Summary of “Assessment of State Investment Promotion Preparedness 2017”

The chart below provides an overall view of how States performed in the survey, in terms of the top performing scores, together with the India average. This shows the highest scores in each category are at or close to 100%. Hence Indian IPI can all upgrade their investment promotion preparedness by learning from their peers in the country.

Figure 1: Indian IPIs can upgrade their investment promotion activities by adopting good practices from peers
The relative performance of each States can be described as being in one of four ‘buckets’. They are described in the graphic below:

*Figure 2: Bucketing of Indian IPI preparedness*

<table>
<thead>
<tr>
<th>TOP PERFORMERS</th>
<th>ASPIRING LEADERS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>No. of States</strong> – Three</td>
<td><strong>No. of States</strong> - Five</td>
</tr>
<tr>
<td><strong>Criteria</strong> – Score more than 85%</td>
<td><strong>Criteria</strong> – Score between 75% and 84%</td>
</tr>
<tr>
<td><strong>Definition</strong> - IPIs most prepared for attracting and retaining investors and perform well across many or all the eight themes. They are likely to be demonstrating multiple aspects of internationally-recognized good practices, with relatively few areas for improvement.</td>
<td><strong>Definition</strong> - IPIs that are displaying many aspects of good practices in their investment promotion preparedness but do have a few areas for improvement. If these areas are addressed, these States would reach the top performers’ bucket, and might overtake some of the existing IPIs in that bucket.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PROMISING DEVELOPERS</th>
<th>EMERGING POTENTIALS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>No. of States</strong> – Seven</td>
<td><strong>No. of States</strong> - Six</td>
</tr>
<tr>
<td><strong>Criteria</strong> – Score between 65% and 74%</td>
<td><strong>Criteria</strong> – Score below 65%</td>
</tr>
<tr>
<td><strong>Definition</strong> - IPIs which are making significant progress in their preparedness, and now need to move towards another round of institutional capacity building, to address the existing gaps. By improving across these areas, they will be well-placed to consistently attract potential investors.</td>
<td><strong>Definition</strong> - IPIs that are at an early stage of development in their investment promotion preparedness. Hence, there are multiple areas that can be addressed to build on the positive progress they have made so far.</td>
</tr>
</tbody>
</table>

The survey has eight pillars, with a total of 55 questions across the themes. All themes and individual questions have weights assigned to them to reflect their relative importance in overall investment promotion preparedness. (See Appendix 1 for further details on weights). The eight themes are:

1. **Mandate and Organization**: Does a State have a well-defined mandate and organizational structure for investment promotion?

2. **Strategy and Marketing**: Does a State have a clearly outlined investment promotion strategy, and what marketing initiatives does it undertake?

3. **Targeting Investors**: Does a State have a clear approach for proactively targeting potential investors?
4. **Winning Investment Projects**: Does a State have a process for addressing investor enquiries, including the provision of relevant and updated information?

5. **Facilitating Investment**: Does a State help to make the process for implementation of investors’ project simple and transparent?

6. **Aftercare**: Does a State provide services to investors after their initial investment, in order to help them to grow and expand?

7. **Research and Policy Advocacy**: Does a State undertake research on identified sectors and engage in policy advocacy in order to strengthen the overall investment climate?

8. **Systems & Infrastructure**: Does a State leverage tools that improve efficiency and effectiveness of investment promotion activities?