# ADB BRIEFS

## KEY POINTS

- The Government of Tamil Nadu has laid down an ambitious Vision 2023, to make it the most preferred investment destination in India with an investor-friendly business climate.
- The study identified policy, institutional, and process reforms to improve the ease of doing business in the state.
- The study resulted in the implementation of an online single window mechanism that ensures simplified, fast-track processes as well as transparent and time-bound clearances to investors, supported by an enabling legislation (Tamil Nadu Business Facilitation Act, 2018).

# Investment Climate Improvement in East Coast Economic Corridor of India: Regulatory, Institutional, and Policy Reforms Support to Tamil Nadu

## SETTING THE CONTEXT

Experience around the world has clearly shown that in addition to state-of-the-art infrastructure and availability of resources, an investment climate that ensures timely, objective, and transparent approvals and consistent policies is equally critical for attracting investment. In its efforts to step up manufacturing activity in the country through increased investment, the Government of India too has been pursuing a double-pronged strategy. In addition to development and upgrade of infrastructure through increased budgetary outlays on highways, railway network, ports, urban and industrial infrastructure, it has also undertaken a number of measures for improving the "ease of doing business" (EODB) in the country. Key measures include:

i.    reducing the number of basic documents for import or export to three (Ministry of Commerce and Industry);
ii.   simplifying labor regulations by merging three laws into a single Industrial Relation legislation while removing restrictive clauses in the earlier laws (Ministry of Labour and Employment);
iii.  providing an online platform for all labor-related approvals and clearances (Ministry of Labour and Employment);
iv.   developing a framework and ranking individual states on regulatory, institutional, and process reforms for setting up and operating a business (Department of Industrial Policy and Promotion [DIPP], Ministry of Commerce and Industry);
v.    promulgating the Bankruptcy and Insolvency Code for time-bound completion of bankruptcy procedures (Ministry of Finance);
vi.   bringing in legislation to set up dedicated adjudication mechanisms in existing courts for commercial disputes (Ministry of Finance); and
vii.  enacting legislation related to introduction of a common goods and services tax (GST) across states (Ministry of Finance).

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With the adoption of these measures, India's position in the World Bank's EODB ranking improved from 142 in 2014 to 100 in 2018.[1] However, significant ground remains to be covered if the country is to reach its stated goal of featuring within the top 50 countries in the World Bank EODB rankings. For this, effective reform of state government departments and local government agencies (corporations and municipalities) is necessary, since two-thirds of all the approvals and clearances required for starting and operating a business have to be obtained from these two tiers of government.

## IMPROVING THE EASE OF DOING BUSINESS WITHIN THE ECONOMIC CORRIDOR DEVELOPMENT FRAMEWORK

Given the importance of EODB in attracting and sustaining investments, the Asian Development Bank (ADB) has incorporated institutional and regulatory reforms as an integral component of its East Coast Economic Corridor (ECEC) project.[2] In the first phase of the project i.e., the Vizag–Chennai Industrial Corridor which commenced in 2014, ADB assisted the Government of Andhra Prades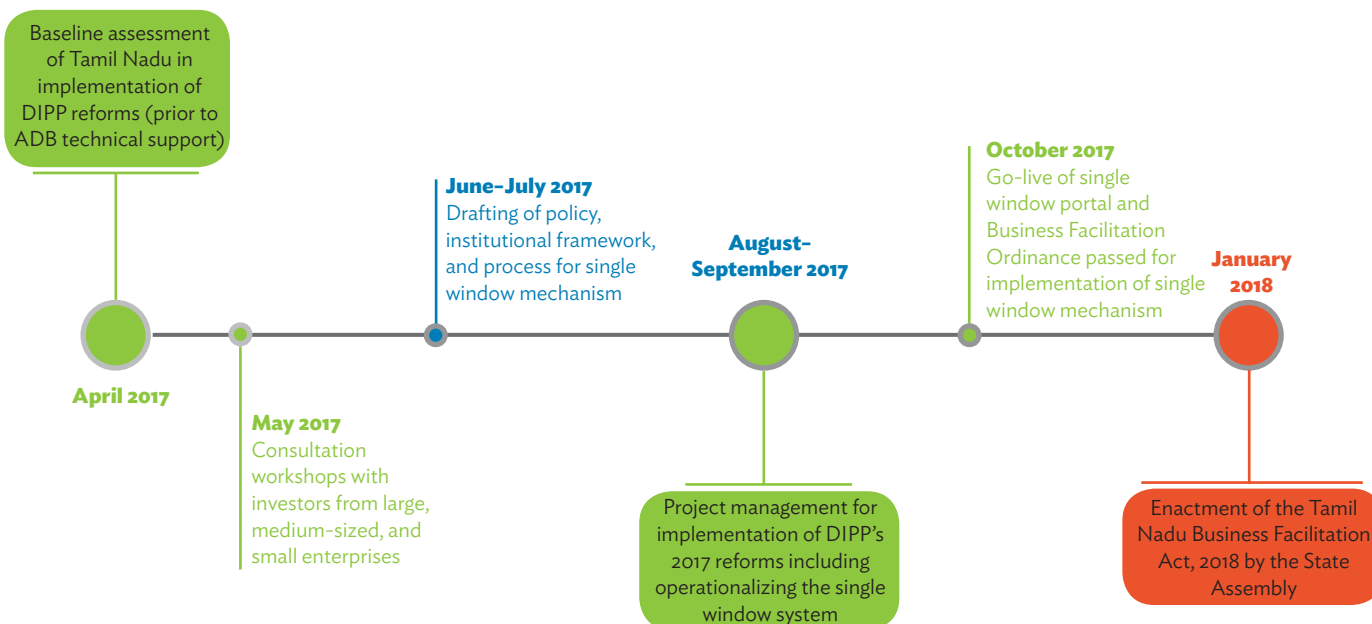h in designing and implementing EODB reforms. As a result, in the annual EODB assessment of states conducted by the DIPP (along with World Bank), Andhra Pradesh was placed second in 2015 and first in 2016. In view of this, the Government of Tamil Nadu requested ADB technical support on EODB for the second leg of the ECEC, i.e. Chennai–Kanyakumari Industrial Corridor.

ADB's technical support to the Government of Tamil Nadu aimed at developing and implementing the policy, process, and institutional framework to facilitate EODB for potential and existing entrepreneurs.[3] This brief presents the baseline assessment of Tamil Nadu (prior to ADB support) taking into account the DIPP ranking, feedback from stakeholders (investors, industry associations, etc.), and EODB initiatives implemented by the Government of Tamil Nadu from April 2017 to January 2018 (Figure 1).

## BASELINE ASSESSMENT OF TAMIL NADU

In the 2016 EODB assessment, Tamil Nadu achieved an overall compliance of 62.80% and was ranked 18th among 36 states and union territories in India that were part of the assessment. The 2016 assessment framework comprised 340 objective questions categorized under 10 reform areas (Figure 2).



**Figure 1: Initiatives of the Government of Tamil Nadu to improve the Ease of Doing Business, April 2017–January 2018**
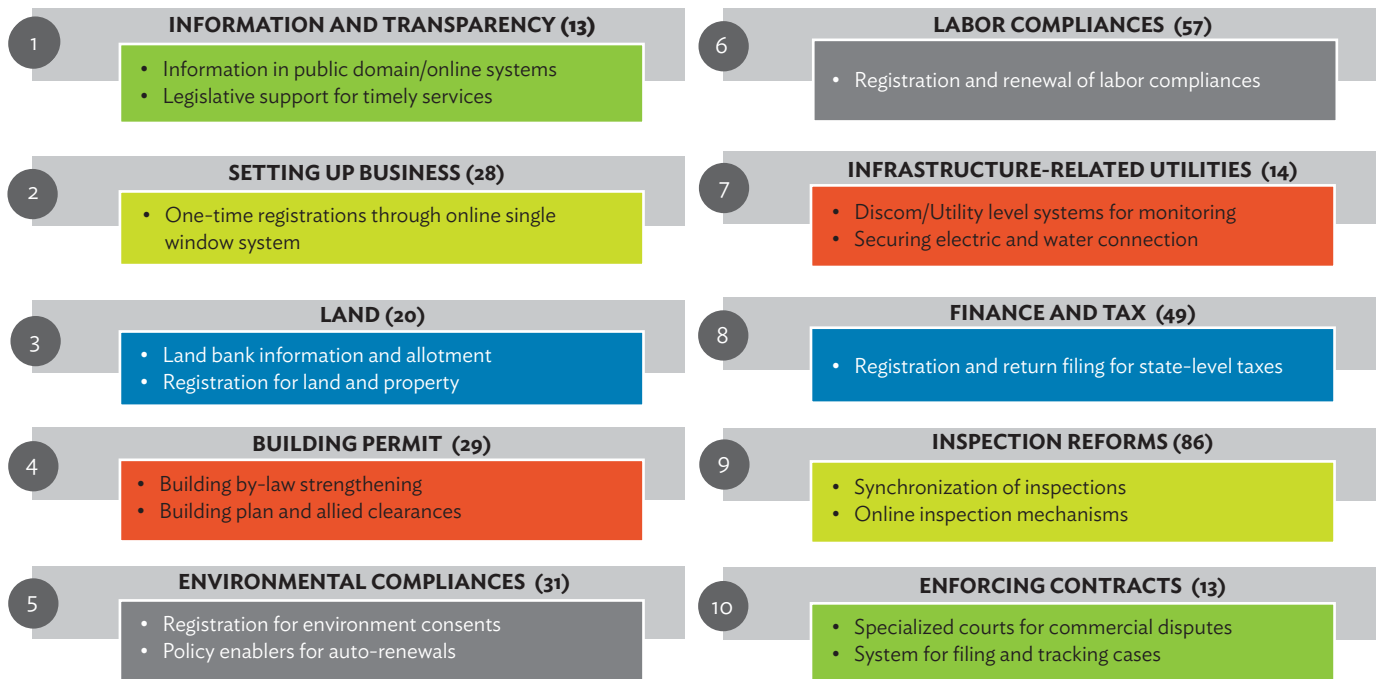
Baseline assessment of Tamil Nadu in implementation of DIPP reforms (prior to ADB technical support)

**April 2017**

**May 2017**
Consultation workshops with investors from large, medium-sized, and small enterprises

**June–July 2017**
Drafting of policy, institutional framework, and process for single window mechanism

**August–September 2017**

Project management for implementation of DIPP's 2017 reforms including operationalizing the single window system

**October 2017**
Go-live of single window portal and Business Facilitation Ordinance passed for implementation of single window mechanism

**January 2018**

Enactment of the Tamil Nadu Business Facilitation Act, 2018 by the State Assembly

DIPP = Department of Industrial Policy and Promotion

[1]   World Bank Group Doing Business Report 2018: http://www.doingbusiness.org
[2]   The ECEC is being implemented in three phases: Phase 1 is the Vizag–Chennai Industrial Corridor, which mainly covers Andhra Pradesh; Phase 2 comprises the Chennai–Kanyakumari Industrial Corridor (CKIC) in Tamil Nadu; and Phase 3 is the corridor running through Odisha and West Bengal.
[3]   TA-7734 IND: Knowledge Management for Inclusive Growth (44367-012)

## Figure 2: Ease of Doing Business Assessment Framework, 2016

**1** — **INFORMATION AND TRANSPARENCY (13)**
- Information in public domain/online systems
- Legislative support for timely services

**2** — **SETTING UP BUSINESS (28)**
- One-time registrations through online single window system

**3** — **LAND (20)**
- Land bank information and allotment
- Registration for land and property

**4** — **BUILDING PERMIT (29)**
- Building by-law strengthening
- Building plan and allied clearances

**5** — **ENVIRONMENTAL COMPLIANCES (31)**
- Registration for environment consents
- Policy enablers for auto-renewals

**6** — **LABOR COMPLIANCES (57)**
- Registration and renewal of labor compliances

**7** — **INFRASTRUCTURE-RELATED UTILITIES (14)**
- Discom/Utility level systems for monitoring
- Securing electric and water connection

**8** — **FINANCE AND TAX (49)**
- Registration and return filing for state-level taxes

**9** — **INSPECTION REFORMS (86)**
- Synchronization of inspections
- Online inspection mechanisms

**10** — **ENFORCING CONTRACTS (13)**
- Specialized courts for commercial disputes
- System for filing and tracking cases

Note: (#) indicates the total number of action points recommended by the Department of Industrial Policy and Promotion under each reform area
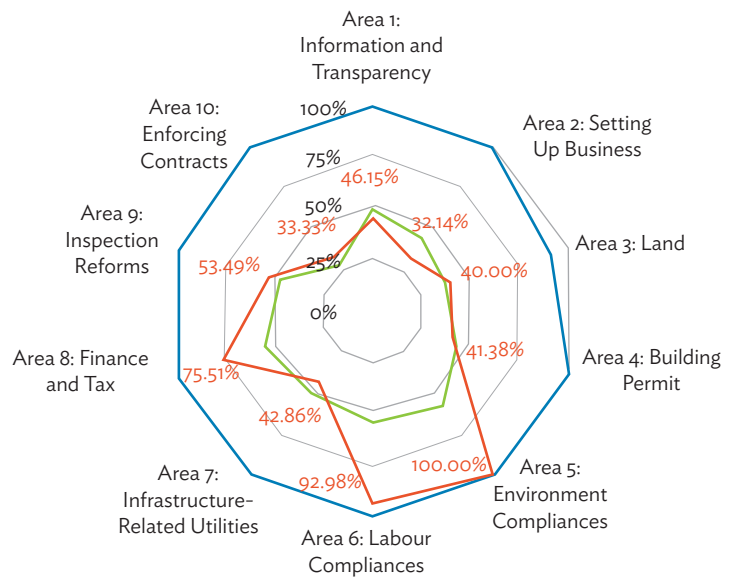
## Figure 3: Ease of Doing Business in Tamil Nadu vis-à-vis Best State and All India, 2016

**Ranking** — **Overall implementation status**

| Rank | State | Status |
|---|---|---|
| 1 | Andhra Pradesh | 98.78% |
| 2 | Telangana | 98.78% |
| 3 | Gujarat | 98.21% |
| 4 | Chhattisgarh | 97.32% |
| 5 | Madhya Pradesh | 97.01% |
| 6 | Haryana | 96.95% |
| 7 | Jharkhand | 96.57% |
| 8 | Rajasthan | 96.43% |
| 9 | Uttarakhand | 96.13% |
| 10 | Maharashtra | 92.86% |
| 11 | Odisha | 92.73% |
| 12 | Punjab | 91.07% |
| 13 | Karnataka | 88.39% |
| 14 | Uttar Pradesh | 84.52% |
| 15 | West Bengal | 84.23% |
| 16 | Bihar | 75.82% |
| 17 | Himachal Pradesh | 65.48% |
| 18 | Tamil Nadu | 62.80% |

**EODB-DIPP 2016 Overall Scoring**

| ☐ Tamil Nadu | ☐ National Average | ☐ Best State |
|---|---|---|
| 62.80% | 48.93% | 98.78% |

Area 1: Information and Transparency — 46.15%
Area 2: Setting Up Business — 32.14%
Area 3: Land — 40.00%
Area 4: Building Permit — 41.38%
Area 5: Environment Compliances — 100.00%
Area 6: Labour Compliances — 92.98%
Area 7: Infrastructure-Related Utilities — 42.86%
Area 8: Finance and Tax — 75.51%
Area 9: Inspection Reforms — 53.49%
Area 10: Enforcing Contracts — 33.33%

Note: The above scorings are as on 18 October 2016
EODB = Ease of Doing Business
DIPP = Department of Industrial Policy and Promotion

Out of the 10 reform areas, the state was observed to have scored better than the national average on 6 thematic areas, and needed improvement on the remaining 4—Construction Permit Enablers, Obtaining Electricity Connection, Access to Information and Transparency Enablers, and Single Window. The state was almost at par with the best performing Indian states with respect to two thematic areas, viz., Environmental Registration Enablers (100% compliance), and Labor Regulation Enablers (92.98% compliance) (Figure 3).

It is imperative to note that the 2016 ranking was based on the evidences submitted by the state, whereas, the 2017 ranking methodology has been modified by DIPP to include a comprehensive business-to-government (B2G) feedback exercise. The feedback will be sought from businesses and other stakeholders such as architects, electrical contractors, and lawyers on the quality of reforms implemented by the states and union territories.

## KEY FINDINGS FROM THE STAKEHOLDER CONSULTATION

The ADB study team interacted with investors from large, medium-sized, and small enterprises in Tamil Nadu to identify the key issues and constraints in establishing, expanding, and running businesses. The team tried to ascertain both the areas of noncompliance in the 2016 DIPP assessment as well as the additional reforms measures advocated by DIPP in the 2017 assessment.[4]

The key issues with respect to processing of applications for approvals and clearances by state and local government departments and agencies were observed to be along three key dimensions—policy, processes, and institutions (Figure 4).



**Figure 4: Challenges to Obtaining Approvals: Stakeholder Feedback**

**Policy**

- Inspections are insisted on even in cases where clearance can be given based on the documents submitted.
- Sequential processing of interlinked clearances, results in additional processing time ranging from 4–6 months.
- Time lines are not defined for certain clearances by competent authorities.

**Process**

- There is need for process reengineering to facilitate timely issuance of multiple clearances.
- Absence of an online system for application filing and tracking is leading to:
  - delays in dispatch of application to competent authorities;
  - delays in securing clarifications from applicants:
- There is no clarity on supporting documents to be provided and fees to be paid leading to application rejection or seeking of clarifications.
- Standard operating procedures for conducting inspections are not available in the public domain.

**Institution**

- Existing strength of staff at nodal agency is inadequate.
- Infrequent meetings of internal committees of respective competent authorities result in delays in granting clearances.
- Grievance redress mechanism is absent.

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4    Assessment 2017 includes 113 new reforms and inclusion of new sectors such as health care and hospitality.

Based on stakeholder feedback (Figure 4) and the underlying objective of ensuring compliance with DIPP guidelines, the ADB study team along with the state government identified the need for the following interventions:

1. **Policy and regulations**
   i) to facilitate a single window mechanism to address all approvals and clearances required at the start-up or renewal stage with legislatively defined time lines to ensure accountability and
   ii) for risk-based classification of enterprises with greater reliance on self- and third-party certifications to support differentiated level of inspections, registration/approval, and renewal periods.

2. **Institutional arrangements**
   i) to monitor adherence to time lines for approval by state and district government departments;
   ii) to ensure synchronization of inspections by different state and district government agencies; and
   iii) to redress investor grievances, leveraging information technology-enabled monitoring and tracking.

3. **Processes**
   i) **Process reengineering**
      Streamlining approval processes by government departments will ensure timeliness and transparency, for example, through the adoption of parallel processing vis-à-vis sequential processing in order to reduce time lines.
   ii) **Introduction of an end-to-end integrated IT system for**
      a. application submission, fee payment, processing by competent authorities;
      b. issuing digitally signed certificates which are downloadable and verifiable;
      c. tracking and monitoring and sending SMS and e-mail alerts to applicants and concerned competent authorities;
      d. registering grievance in case of delays, nonprovision of approvals and clearances;
      e. allocation, scheduling and reporting inspection findings; and
      f. custom MIS for monitoring timely approvals for the multitiered state and district institutional structure.
   iii) **Information transparency in public domain on**
      a. clearances and approvals required at start-up or recurring stage;
      b. application forms to be filled in, supporting documents to be provided, and fees to be paid for each approvals or clearances or renewals sought; and
      c. inspection checklists.
   iv) **Define shorter time lines**
      Define shorter time lines for specific clearances required during preestablishment, preoperation, and renewal stage, based on study of practices in other leading states in India.

## KEY REFORMS IMPLEMENTED BY GOVERNMENT OF TAMIL NADU

Having validated the key issues and constraints to be addressed in discussion with the investors and government officials, the ADB study team worked with the Guidance Bureau, which was identified as the nodal agency for coordinating the effort in improving EODB in Tamil Nadu. The key activities implemented by the state included:
i. conceptualization of a single window mechanism and the drafting of the underlying legislation and regulations, which resulted in the enactment of Tamil Nadu Business Facilitation Act, 2018 and Tamil Nadu Business Facilitation Rules, 2017;
ii. establishment of state and district institutional structures to monitor the performance of the single window mechanism and ensure adherence to time lines on approvals, clearances, or investor query resolution;
iii. formulation of a central inspection mechanism involving multiple government departments to facilitate joint and synchronized inspections; and
iv. process reengineering to reduce response time, increase transparency, and enhance efficiency, along with integration of IT system of multiple government departments with the single window system.

## Single Window Mechanism: Policy and Regulatory Interventions

The Tamil Nadu Business Facilitation Act, 2018 aims to deliver requisite services to investors in a time-bound, transparent, and consistent manner across the business lifecycle in terms of:

- ease of information availability and ease of securing preestablishment clearances;
- time-bound approvals before commercial operations to support investment grounding; and
- streamlining clearances and compliances required during the normal course of business, including renewals.

Salient features of the legislation include exhaustive coverage of approvals, parallel processing of clearances, fixing time lines, and joint site inspection.

### *Exhaustive Coverage of Approvals under the Single Window Mechanism*

Prior to the legislation, over 40 central and state acts and more than 60 central and state rules were examined to identify the comprehensive list of approvals required by investors, at the preestablishment and preoperations stage as well as during the normal course of business. Based on the discussions with the Industries Department and respective competent authorities it was decided that 26 of the identified clearances would be provided through the single window mechanism under the policy. These included 10 clearances at the preestablishment stage, 9 clearances at the preoperation stage, 6 clearances related to the renewal

of existing clearances, and 1 clearance related to incentives. This ensured that the benefit of the single window mechanism extended not only to new investors but to existing investors as well. Going forward, all the approvals, clearances, and renewals required by investors, be it sector-agnostic or sector-specific, will be possible through the single window mechanism.

### Deemed Approval

State and district nodal agencies shall provide deemed approval for specific clearances during the preestablishment stage to all applications not processed within the prescribed time limit by the concerned department (without sufficient and reasonable cause for such delay), provided the investors had furnished suitable self-certifications along with their application.

### Parallel Processing of Clearances

To expedite the processing of clearances where approval by one competent authority is linked to clearance from another, all competent authorities shall process the applications simultaneously in line with their respective rules and regulations with all such approvals collated by the concerned nodal agency.

### Time lines for Raising Queries, and Approving or Rejecting Applications

To ensure that queries are not raised by the competent authority in multiple rounds, time lines were defined for seeking all clarifications in a single instance. Time lines were defined for all the services provided through the single window portal. Shorter time lines were defined for specific clearances required during difference stages of the business lifecycle. For instance, the permissible time line for issuing a building permit (preestablishment) and a factory license (preoperations) was reduced from 30 days to 14 days. Earlier, there was no time line defined for the renewal of boiler certificate; now it has to be ensured within 7 days.

### Joint Site Inspection

Contrary to the earlier practice of multiple government departments separately conducting site inspections prior to preestablishment clearances, a single joint site inspection was implemented, integrating the various inspection requirements into a single comprehensive checklist, and providing comprehensive feedback from across all the competent authorities for corrective action by the applicant.

### Delegation of Inspection to Private Technical Experts

Concerned government departments delegate the powers of inspection to empanelled private technical experts or experts in academic institutions wherever feasible. For instance, empanelled third-party agencies can carry out the inspection of boilers and their components both during manufacturing and during use. Electrical contractors empanelled as per the Central Electricity Authority (Measures Relating to Safety and Electric Supply) Regulation, 2010 can carry out electrical installations and supervision work. The scope for extending empanelment and delegation to more such inspections is currently being explored.

## Institutional Arrangements

In order to ensure that the departments undertake the requisite interventions and continue to provide services to investors in a coordinated manner through the single window system, Government of Tamil Nadu decided to establish state and district nodal agencies which will review and monitor:

i.      processing of investor applications according to the defined checklist;
ii.     raising of queries within the legislatively defined time lines;
iii.    rejection or approval of applications within the legislatively defined time lines;
iv.     deemed approval by the state and district nodal agencies of clearances that are not approved or rejected by the concerned department within the legislatively defined time lines;
v.      the parallel processing of clearances by concerned departments; and
vi.     redress of investor grievance in a time-bound manner.

Since the government administrative structure for large enterprises and MSMEs are separate in Tamil Nadu, distinct nodal agencies were required to manage single window clearances for the two groups. The district industries centers are therefore responsible for monitoring all applications received from MSMEs while the Guidance Bureau monitors applications from larger enterprises (Figure 5).[5]

The institutional structure established for large enterprises and MSMEs is detailed in the subsequent sections.

### Institutional Structure for Large Enterprises

A three-tier state institutional structure was established (for large enterprises) to monitor the single window mechanism (Table 1). The State Single Window Committee comprises representatives from trade associations, chambers of commerce, and technical experts to promote greater transparency and a participatory approach.

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[5]    Classification of enterprises as Large or MSMEs in India is based on the quantum of investments in plant and machinery.

Figure 5: Understanding Nodal Agencies

| District | Nodal Agency: District Industries Center | Responsible for monitoring of applications received from all micro, small, and medium-sized enterprises, that is:<br>• enterprises with a proposed investment in "plant and machinery" up to ₹100 million for manufacture or production of goods, and<br>• enterprises engaged in providing or rendering of services where the investment in equipment is up to ₹50 million |
| State | Nodal Agency: Guidance Bureau | Responsible for monitoring all applications exceeding the investment thresholds mentioned for District Level Nodal Agency |

**Functions:**

1. to act as single point of contact for all investors applying for clearances and incentives through the single window portal;
2. to assist the applicants in completing the application forms;
3. to arrange for prescrutiny of applications by convening meetings with representatives from concerned government departments and agencies to conduct scrutiny of applications received and address queries of investors;
4. to receive applications for clearances through the single window portal;
5. to receive orders, either accepting or rejecting the application, from the concerned department or agency;
6. to review and monitor the status of application processing under the single window system through bimonthly meetings, using the IT-enabled platform with a web-based interface (single window portal); and
7. to record grievances raised by investors and monitor resolution of the same.

**Table 1: Three-Tier Institutional Structure to Support Single Window Mechanism for Large Enterprises**

| Tier | Institution | Members | Functions |
|------|-------------|---------|-----------|
| I | Investment Promotion and Monitoring Board | Chief Minister<br><br>Ministers for Industries, Finance, and Revenue | • Review and monitor the disposal of applications by the State Single Window Committee, State Single Window Monitoring Committee, and the competent authorities<br>• Review policy issues related to investment promotion, facilitation, and grounding<br>• Meet at least twice a year |
| II | State Single Window Monitoring Committee | Chief Secretary<br><br>Principal Secretaries | • Review and monitor the processing of applications received through the single window portal<br>• Review and monitor the status of resolution of investor grievances<br>• Meet once a month |
| III | State Single Window Committee | Executive Vice Chairperson of Guidance Bureau<br><br>Heads of Departments<br><br>Representatives from Trade Association/Chamber of Commerce/Technical Experts | • Monitor and review processing of applications pertaining to large enterprises<br>• Take decision on cases that are eligible for deemed approval<br>• Meet once every two calendar weeks |

**Table 2: Three-Tier Institutional Structure to Support Single Window Mechanism for Micro, Small, and Medium Enterprises**

| Tier | Institution | Members | Functions |
|---|---|---|---|
| I | MSME Investment Promotion and Monitoring Board | Minister, Rural Industries<br><br>Chief Secretary | • Review and monitor the disposal of applications by the MSME State Single Window Committee and the competent authorities<br>• Provide strategic direction and oversee the functioning of the MSME District Single Window Committee and MSME State Single Window Committee<br>• Meet once every quarter of the year |
| II | MSME State Single Window Committee | Industries Commissioner and Director of Industries<br><br>Heads of Departments | • Review and monitor the processing of applications by the Competent Authorities and address associated investor grievances<br>• Meet once every two calendar weeks |
| III | MSME District Single Window Committee | District Collector<br><br>District level officers of Departments<br><br>Representatives from Trade Association/ Chamber of Commerce/ Technical Experts | • Monitor and review processing of applications pertaining to MSMEs<br>• Take decisions on cases that are eligible for deemed approval<br>• Meet once every two calendar weeks |

MSME = Micro, Small, and Medium Enterprises
Note: State and district committees shall meet "once every two calendar weeks" (i.e., not overlapping weeks) to ensure that decisions taken by districts may be reviewed by the state committees.

### Institutional Structure for Micro, Small, and Medium Enterprises

The three-tier state and district institutional structure for MSMEs to monitor the functioning of the single window mechanism is presented in Table 2. The MSME District Single Window Committee comprises representatives from trade associations, chambers of commerce, and technical experts to promote greater transparency and a participatory approach.

## Central Inspection Mechanism

The Central Inspection System (CIS) is a critical enabler in the EODB framework for simplifying business regulations and bringing in transparency and accountability in inspections. The key features of the CIS in Tamil Nadu are summarized below:

i. streamlining the inspection procedures of select departments viz. Directorate of Industrial Safety and Health (DISH) and Tamil Nadu Pollution Control Board (TNPCB);
ii. ensuring timely and synchronized inspections between DISH and TNPCB;
iii. bringing clarity in inspections, its frequency and reducing duplications, where applicable;
iv. improving cooperation and coordination between inspection authorities; and
v. enabling unified review of information about past inspections, schedule of inspections, and access to inspection report of DISH and TNPCB.

With better planning and scheduling of compliance inspections under an integrated Central Inspection System, the industry could be apprised of inspection visits in advance. Data collected through inspections by one department could be used effectively by other departments for industry risk categorization and incorporating compliance history as one of the risk-determination criteria.

### Institutional Mechanism for Monitoring the Central Inspection System

A two-tier institutional structure for monitoring the CIS has been set up in Tamil Nadu. The composition and functions of the respective groups in the two-tier structure is given below.

#### State-level Inspection Monitoring Group

The State-level Inspection Monitoring Group (SIMG) is headed by the Executive Vice Chairperson of Tamil Nadu Industrial Guidance and Export Promotion Bureau (Guidance Bureau) and has the Director, Directorate of Industrial Safety and Health; the Chairman, Tamil Nadu Pollution Control Board; and the Commissioner, Labour Department as members.

The SIMG is required to perform the following functions:
i. review procedures relating to inspection to ensure transparency, including checklists to be used;
ii. review the framework for risk based inspections, based on changes in regulatory requirements;

iii. suggest empanelment of third-party inspector, and self-certification wherever applicable;

iv. monitor the usage of CIS by the concerned departments;

v. review the cases forwarded by State Single Window Monitoring Committee regarding investor applications that are pending due to noncompletion of inspection; and

vi. evaluate the scope for integrating inspection procedure of respective departments that conduct compliance inspection, with the CIS.

## District-level Inspection Monitoring Group

The District-level Inspection Monitoring Group (DIMG) is headed by the District Collector and has the following members:

- District Collector
- Joint Director/Dy. Director as nominated by Director, Industrial Safety and Health
- District Environmental Engineer, Tamil Nadu Pollution Control Board
- General Manager, District Industries Centre
- Inspector of Labour

The DIMG is required to perform the following functions:

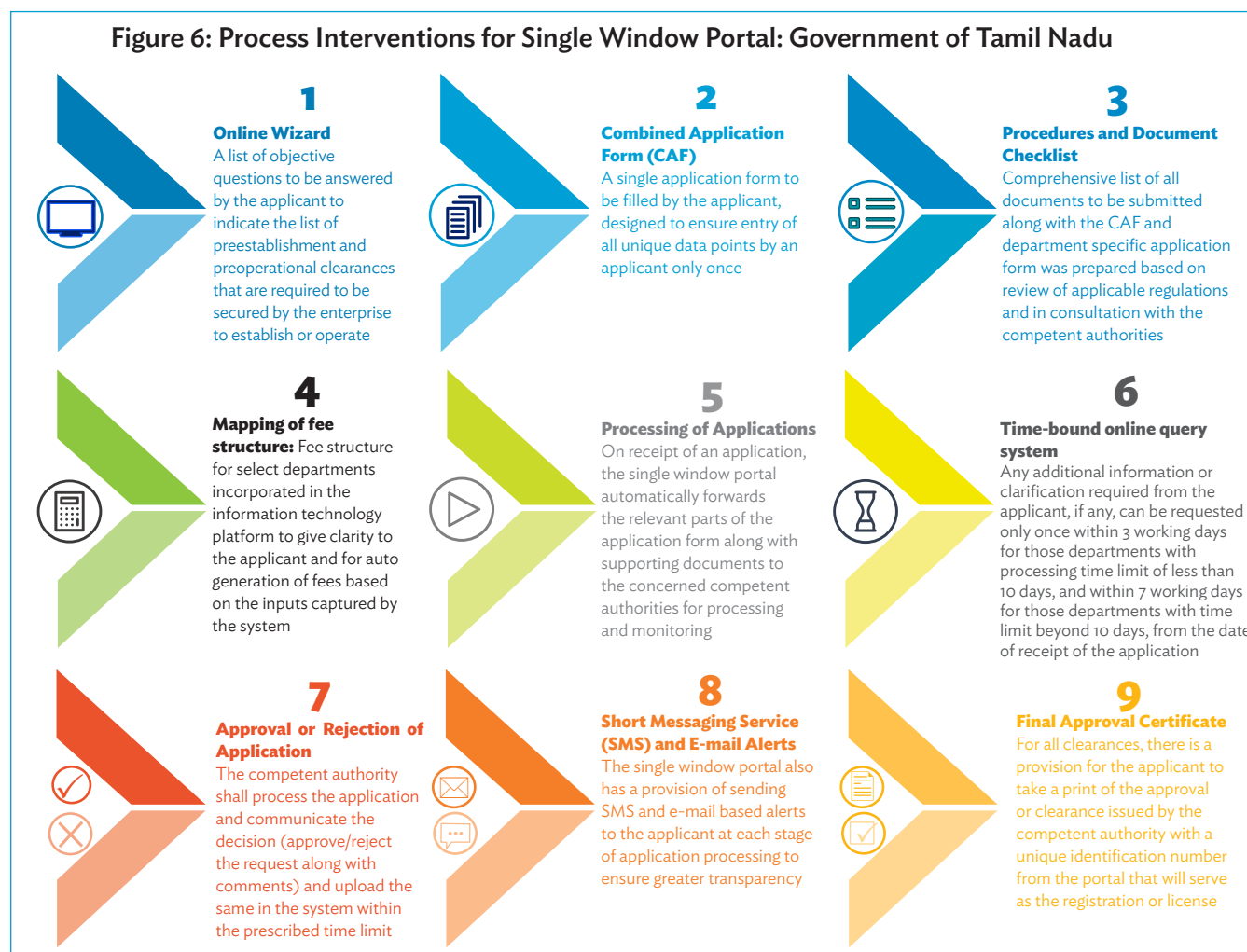i. review the adherence of departments to the time lines defined in the inspection framework;

ii. review the actions taken by departments based on the noncompliance inspection report uploaded in the CIS;

iii. review the cases forwarded by the MSME District Single Window Committee regarding investor applications that are pending due to noncompletion of inspection; and

iv. review the risk categorization of industry based on compliance history and suggest changes.

The CIS is required to provide a platform for the DIMG and SIMG to share the data with all concerned departments, inspections reports generation and management, mobile/e-mail alerts, automated scheduling of inspections, and work schedules of inspectors.

# Process-Related Interventions: Single Window and Central Inspection System

## Single Window System

The key process changes implemented as part of the introduction of single window portal is shown in Figure 6.



**Figure 6: Process Interventions for Single Window Portal: Government of Tamil Nadu**

**1 Online Wizard**
A list of objective questions to be answered by the applicant to indicate the list of preestablishment and preoperational clearances that are required to be secured by the enterprise to establish or operate

**2 Combined Application Form (CAF)**
A single application form to be filled by the applicant, designed to ensure entry of all unique data points by an applicant only once

**3 Procedures and Document Checklist**
Comprehensive list of all documents to be submitted along with the CAF and department specific application form was prepared based on review of applicable regulations and in consultation with the competent authorities

**4 Mapping of fee structure:** Fee structure for select departments incorporated in the information technology platform to give clarity to the applicant and for auto generation of fees based on the inputs captured by the system

**5 Processing of Applications**
On receipt of an application, the single window portal automatically forwards the relevant parts of the application form along with supporting documents to the concerned competent authorities for processing and monitoring

**6 Time-bound online query system**
Any additional information or clarification required from the applicant, if any, can be requested only once within 3 working days for those departments with processing time limit of less than 10 days, and within 7 working days for those departments with time limit beyond 10 days, from the date of receipt of the application

**7 Approval or Rejection of Application**
The competent authority shall process the application and communicate the decision (approve/reject the request along with comments) and upload the same in the system within the prescribed time limit

**8 Short Messaging Service (SMS) and E-mail Alerts**
The single window portal also has a provision of sending SMS and e-mail based alerts to the applicant at each stage of application processing to ensure greater transparency

**9 Final Approval Certificate**
For all clearances, there is a provision for the applicant to take a print of the approval or clearance issued by the competent authority with a unique identification number from the portal that will serve as the registration or license

## Central Inspection System

The CIS is a web based system that has been integrated with the existing online inspection systems of DISH and the TNPCB.

Functioning under the Labour and Employment Department, Government of Tamil Nadu, DISH has designed and implemented an online system for identifying establishments that need to be inspected based on computerized risk assessment and scheduling inspections. DISH has also classified industries based on risk type.

The TNPCB, functioning under the Environment and Forests Department, Government of Tamil Nadu has also designed and implemented an online system for scheduling inspections based on computerized risk assessment. TNPCB has also classified industries based on risk type.

The inspection schedule details of DISH and TNPCB are also displayed on the CIS portal. The officials of DISH and TNPCB are informed about the online scheduling of inspection, and they log in to their department portal as well as CIS portal to know these schedules. The CIS portal helps officials of both DISH and TNPCB to synchronize their inspections.

Post inspection, the Inspecting Officers of DISH and TNPCB upload the inspection report on their respective department portals, and the same is also displayed in the CIS portal to enable cross learning between DISH and TNPCB. E-mail alert is also sent from CIS portal to the concerned district officers of DISH and TNPCB. Accordingly, they can log in to the CIS portal and view the inspection report and take action on noncompliant industries in a proactive manner.

## CONCLUSION

The state government has made significant interventions in 2017 with the support of ADB study team which has resulted in 95.93% compliance in the 2017 DIPP assessment (as on 26 April 2018), a remarkable improvement from 44.58% in 2015 and 62.8% in 2016. The Government of Tamil Nadu is committed to not only achieving 100% compliance with existing reforms but also initiating work on futuristic reforms identified by DIPP as Business Reform Action Plan (BRAP) plus.

To ensure the sustainability of the reforms implemented till date, it is imperative that the Government of Tamil Nadu undertakes the following key activities:

i. seamless single window experience for an investor through:
   a) upgrade of single window portal in sync with the technology of other department portals, and
   b) automation of back-end processes of respective competent authorities that may still be processing the same manually;
ii. regular monitoring through the proposed institutional mechanisms to ensure that respective government departments and agencies adhere to processing time lines as defined in the Tamil Nadu Business Facilitation Act, 2018 and
iii. dissemination of information related to new online single window system to industry stakeholders, by the state nodal agency (Guidance Bureau) and district nodal agencies (district industries centers).