

PRISM

Primus Regional Investment Suitability Matrix

**From Rankings to Reality:
Identifying the True Drivers
of Attracting Investments**





About Primus Partners

Headquartered in India, Primus Partners is one of India's largest Management Consulting firms operating in India, USA, UAE and KSA. With 6 offices and operations in 18 Indian States, Primus Partners has been built around the concept of "Idea Realisation" an approach that focuses on the long-term strategy for our clients driven by innovation that is grounded in execution and realises the benefit of new ideas in short, medium and long term. The concept of idea realisation is delivered by a senior and diverse team backed by industry-leading research capabilities.



India



United States of America



United Arab Emirates



Kingdom of Saudi Arabia

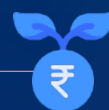


Table of Contents

Foreword *05*

Executive Summary *07*

01

Setting the Context

Is focusing on Ease of Doing Business sufficient for Attracting Investments?

09

02

Introducing PRISM

A Comprehensive Indicator to Identify the True Drivers for Attracting Investments

15

03

Decoding PRISM

Understanding the Relative Importance of Different Sub-factors under PRISM

22

04

Conclusion

The Road Ahead

51

Appendix

I

Details of Survey Respondents

53

Appendix

II

PRISM Implementation Methodology

57





Ease of Doing Business must evolve to incorporate elements of Speed of Doing Business, Cost of Doing Business and Ease of Living



Shri Amitabh Kant

G20 Sherpa, Government of India

India has made remarkable strides in shaping a business-friendly environment, with the government consistently working to introduce inclusive and investor-centric policies. By benchmarking global best practices and integrating innovative investment promotion strategies, India has strengthened its position as a preferred destination for businesses worldwide.

The Ease of Doing Business initiative has been a pivotal step in streamlining regulatory frameworks, fostering transparency, and embracing technology to enhance efficiency. These efforts have significantly contributed to India's impressive investment growth.

However, having attained a level of maturity, the time is now opportune to relook at Ease of Doing Business to remain relevant and responsive. Investors today seek more than just ease of entry - they require tailored solutions, sector-specific support, and forward-thinking regulatory mechanisms that align with emerging trends. Recognizing this, this report offers a strategic roadmap for policymakers, introducing new-age approaches that can drive proactive investment facilitation and decision-making.

At the heart of this effort is the **Primus Regional Investment Suitability Matrix (PRISM)**, a contemporary tool designed to assess investment readiness and attractiveness at the regional level.

By adopting this framework, governments can gain valuable insights into their investment landscape, enabling them to enhance local competitiveness, bridge gaps, and position their regions as premier investment destinations.

As we look ahead, the need for data-driven, dynamic, and investor-focused strategies has never been greater. This report serves as a foundation for reimagining investment promotion, equipping policymakers with the tools to build stronger, more resilient, and future-ready economies.



EXECUTIVE SUMMARY

Investors evaluate a multitude of factors beyond Ease of Doing Business when making Investment Decisions



Kanishk Maheshwari

Co-Founder & Managing Director,
Primus Partners

India's remarkable rise in the World Bank's Doing Business Report 2020 to the 63rd position among 190 economies - an improvement of 79 ranks since 2014 - underscores the Government of India's intensive efforts to enhance the country's business environment.

This improvement in rankings has been on account of a series of Ease of Doing Business targeted reforms which have been implemented over the past decade such as the easing of the government-business interface, streamlining of procedures, rationalizing and digitization of regulatory compliances, reform-

ing of the indirect taxation system, decriminalization of minor civil offenses, and repealing of obsolete laws. Further to emulate these reforms at a pan India level, the Business Reform Action Plan (BRAP) exercise was launched in 2014-15 by the Department for Promotion of Industry and Internal Trade (DPIIT), Government of India.

Though the BRAP exercise has been instrumental in spurring investor friendly regulations and easing the process of starting and operating businesses in India, performance of States under the BRAP initiative has not been found to always correlate with actual investment realization. For example, Karnataka which was ranked 1st in 2019-20 in attracting private sector investments as per data published by the RBI, was ranked as low as 17th as per BRAP ranking of 2019. Similarly in 2020-21, Telangana, Tamil Nadu and Punjab were ranked as Top Achievers (highest category) in BRAP 2020, but ranked only 10th, 13th and 14th in terms of share of private investments in 2020-21.

These inconsistencies suggest that while BRAP and Ease of Doing Business rankings serve as a useful metric for assessing regulatory efficiency, they are not sufficient standalone indicators of investment attractiveness of a region.



Recognizing that there are other factors in play beyond Ease of Doing Business basis which investors assess the investment attractiveness of a location, this report introduces **PRISM – Primus Regional Investment Suitability Matrix**, a holistic and comprehensive framework for assessing the investment attractiveness and competitiveness of a location.

PRISM has been meticulously crafted through extensive personal interviews and surveys with over 100 CXOs across sectors, sizes (Mega, Large, MSMEs) and geographies.

PRISM incorporates **9 key factors and 64 sub-factors under 4 broad categories – Cost of Doing Business, Speed of Doing Business, Ease of Doing Business and Ease of Living** to comprehensively assess the investment readiness and attractiveness of specific locations.

PRISM has been crafted to ensure that both investor priorities and governance realities are integrated into a cohesive strategy. By adopting PRISM, policymakers can unlock a new paradigm of investment facilitation—one that is data-driven, proactive, and results-oriented. PRISM can also be used by Governments to benchmark their regions, identify critical gaps, and implement targeted interventions—enhancing their ability to attract, retain, and expand investments.

In conclusion, PRISM shall not just be a diagnostic or an evaluation tool but a roadmap for regions aiming to attract and sustain investments in a competitive global environment. By addressing the complex interplay of factors influencing investor decisions, it can empower regions to create tailored, impactful strategies that drive economic growth, enhance competitiveness, and foster long-term prosperity.





01

Setting the Context

Is focusing on Ease of Doing Business sufficient for attracting Investments?





In today's interconnected world, where capital, goods, and services move seamlessly across borders, a country's business environment is crucial in shaping its economic trajectory. It is in this context that the concept of "Ease of Doing Business" (EoDB) emerged as a critical indicator of focus for economies across the globe. At its core, EoDB refers to the ease with which businesses can start, operate, and grow in a given country, with particular emphasis on processes such as registering a business, obtaining licenses, access to finance, and complying with regulatory frameworks.



To evaluate countries based on their regulatory environments for business operations, the Doing Business Index was launched by the World Bank in the year 2003. This index assessed countries based upon ten key indicators encompassing the critical facets of business regulations such as:

- (i) starting a business,
- (ii) dealing with construction permits,
- (iii) getting electricity,
- (iv) registering property,
- (v) getting credit,
- (vi) protecting minority investors,
- (vii) paying taxes,
- (viii) trading across borders,
- (ix) enforcing contracts, and
- (x) resolving insolvency

From 2003 to 2020, the Doing Business Index emerged as a key indicator for investors across the globe to gain an understanding of the regulatory environment, efficiency and transparency of a nation's business ecosystem.

However, due to data irregularities reported in the Doing Business 2018 and 2020 exercises, the World Bank paused publishing the Doing Business Index and replaced it with the Business Ready (B-Ready) index in 2024.¹ The 2024 edition of the B-Ready Index covered only 50 economies, while the 2025 edition is expected to cover over 100 economies.


While the focus of the Doing Business index centred on the regulatory burden for firms, with some attention to public services, the B-Ready framework evaluates both the regulatory burden as well as the quality of regulations and provision of related public services, along with the ease of compliance with the regulatory framework and the effective use of public services directly relevant to firms.

¹ [World Bank Group Press Release](#)




All topics examined by B-Ready are structured under three pillars:

Pillars of the B-Ready Index




Pillar I
Regulatory Framework

Rules and regulations that firms must follow as they open, operate, and close a business



Pillar II
Public Services

Facilities to support regulatory compliance and institutions & infrastructure to enable business activities



Pillar III
Operational Efficiency

Ease of regulatory compliance and effective use of public services directly relevant to firms ²

Governments across the globe, including India, have placed a considerably high importance on obtaining a favourable Doing Business and B-Ready ranking, as it is perceived that a better ranking on these indicators has a direct co-relation with attracting investments into the country. It is assumed that better Doing Business and B-Ready rankings are a straight-forward reflection of a transformed regulatory landscape where doing business is easier, faster, and more efficient.

² B-Ready 2024 Report

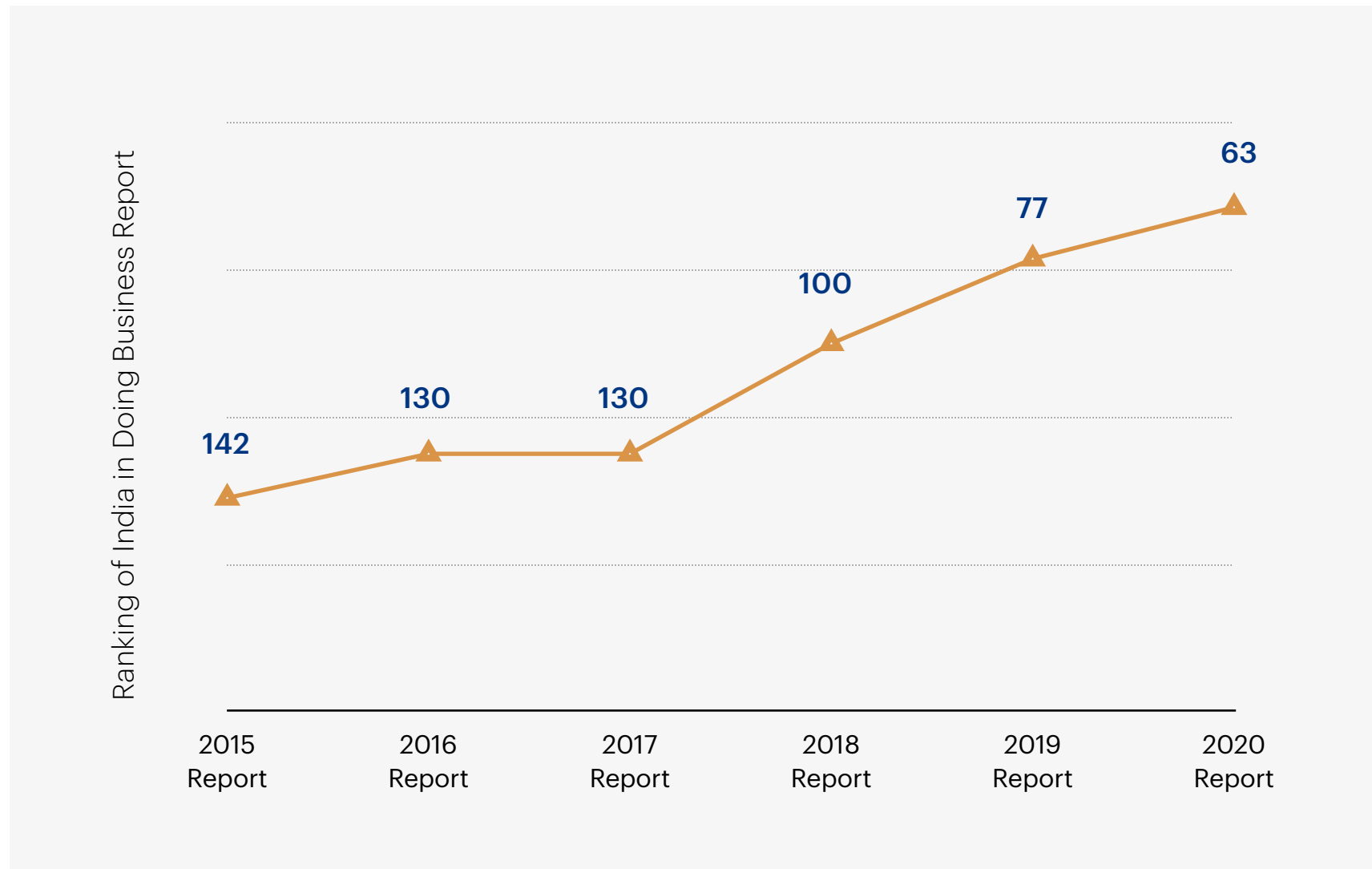
Better rankings are also seen to signify less bureaucratic red tape, faster approval processes, reduced compliance burdens, and a level playing field for businesses, which directly translates into greater investor confidence, enhanced competitiveness, and robust economic performance and therefore lead to greater foreign direct investments, innovation and job creation.

The Government of India's concentrated reform efforts towards improving its business environment and performance in the Doing Business rankings began in earnest with the launch of the "Make in India" campaign in September 2014. Launched with the objective facilitating investment, fostering innovation, building best in class infrastructure and making India a global hub for manufacturing, design and innovation, the campaign placed key focus on improving the business environment of the country and fostering Ease of Doing Business through a series of initiatives ranging from simplification of procedures, rationalization and digitalization of regulatory compliances, easing of the government to business interface, decriminalization of minor civil offenses, removal of redundant laws and legal provisions and reform of the indirect taxation system etc.





Fig. 1 | India's **Doing Business** Rankings over the years



The targeted reforms undertaken by the Government, especially in key reform areas that directly impacted businesses such as the introduction of the Goods and Services Tax (GST), which unified the country's complex tax system, the implementation of an efficient insolvency and bankruptcy code, the adoption of digital solutions that reduced the time and effort required for businesses to comply with regulations (such as the National Single Window System) etc. were well recognized by the World Bank. While in 2015, India stood at 142nd in the World Bank's Doing Business Report, by 2020, the country had catapulted to 63rd position, a stunning jump of 79 ranks. ³

To emulate the reforms at a pan India level and promote competitive federalism, the Govt. of India also initiated the Business Reform Action Plan (BRAP) exercise in 2014 to incentivize States and UTs across the country to develop a conducive business environment and improve ease of doing business.

BRAP has been a transformative force in reshaping India's business landscape. With its unique approach, which involves evaluating States and UTs based on reform implementation, the exercise has created a more transparent, efficient and dynamic regulatory environment across the country.

³ PIB



Though the Doing Business rankings and Business Reform Action Plans frameworks have been instrumental in spurring investor friendly regulations, and easing the process of starting businesses in India, however, there is a debate on whether focussing on Ease of Doing Business (EoDB) related parameters alone is sufficient to successfully mobilize investments in the country.

On the one hand several large-ticket, high-profile investors have set up or are setting up base in the country to manufacture products ranging from smartphones to semiconductors post the reforms, while on the other hand, the country's improvement in key indicators at an aggregate level for measuring progress has been muted. For example, the share of manufacturing as a percentage of GDP has continued to be range bound between 15%-17% over the past decade as against the envisaged target of 25% by FY25 ⁴ and gross Foreign Direct Investment (FDI) as a percentage of GDP continues to stand at 0.8% (FY23), which is the lowest in the past decade. ⁵

The scenario is not very different when we try to correlate the rankings of different States under the Business Reform Action Plan (BRAP) exercise with the state-wise private sector corporate investments data published by the Reserve Bank of India (RBI) ⁶ on a yearly basis. For example, when **comparing BRAP 2019 rankings ⁷ with private sector investments rankings for 2019-2020**, the following anomalies are observed:

⁴ PIB

⁵ World Bank

⁶ RBI Bulletin

⁷ PIB

Anomalies in BRAP 2019 Rankings vs. Private Sector Investment Rankings for 2019-2020

Andhra Pradesh

Private Sector Investment Rank: 8th	BRAP Index Rank: 1st
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Madhya Pradesh

Private Sector Investment Rank: 14th	BRAP Index Rank: 4th
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Chattisgarh

Private Sector Investment Rank: 21st	BRAP Index Rank: 6th
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Himachal Pradesh

Private Sector Investment Rank: 22nd	BRAP Index Rank: 7th
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Karnataka

Private Sector Investment Rank: 1st	BRAP Index Rank: 17th
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Similarly, when **comparing BRAP 2020 rankings⁸ with private sector investments rankings for 2020- 2021**, the following anomalies are observed ⁹:

Telangana	Tamil Nadu	Punjab	Rajasthan
Private Sector Investment 2020-21 Rank: 10th	Private Sector Investment 2020-21 Rank: 13th	Private Sector Investment 2020-21 Rank: 14th	Private Sector Investment 2020-21 Rank: 2nd
BRAP 2020 Index Rank: Top Achievers (highest category)	BRAP 2020 Index Rank: Top Achievers (highest category)	BRAP 2020 Index Rank: Top Achievers (highest category)	BRAP 2020 Index Rank: Aspirer (third highest category)

Therefore, while Ease of Doing Business rankings serve as a critical tool for evaluating regulatory efficiency, the anomalies showcased above between these rankings and actual investment outcomes highlights their limitations as standalone indicators.

There are therefore clearly other factors at play also beyond Ease of Doing Business Rankings and BRAP rankings related factors (where the bulk of the Government focus has been concentrated upon), basis which investors assess the investment attractiveness of a particular location.

⁸ PIB

⁹ Note: In BRAP 2020, states have been categorized under 4 categories - Top Achiever, Achiever, Aspirer and Emerging Business Ecosystems in BRAP 2020, rather than being ranked as was the case in 2019



02

Introducing PRISM

A Comprehensive Indicator to Identify the True Drivers for Attracting Investments



To obtain a holistic and comprehensive understanding of the key factors basis which investors assess the investment attractiveness of a particular location, over 100 CXOs of firms across sizes i.e. Mega (\geq ₹1000 crore turnover), Large (₹250–1000 crore turnover), and MSMEs ($<$ ₹250 crore turnover), across both Manufacturing and Services sectors spread across sectors and geographies were personally interviewed and reached out through surveys and asked to rate the relative importance of different factors basis their importance in investment decisions. The details of the investors reached out to for the surveys is showcased at Appendix 1.

In the interactions with investors conducted as part of the primary research, the following key insights emerged:

1.

Ease of Doing Business rankings, while valuable, are not the sole criteria basis which investors assess the investment attractiveness of a location.

While Ease of Doing Business rankings have undoubtedly streamlined governmental processes and enhanced transparency, relying on them as the sole indicator of investment potential overlooks the broader context of what drives business decisions.

2.

Beyond these rankings, investors evaluate a multitude of other factors when making decisions about where to set up operations, and these factors differ basis the type of business and sector in which the business operates in.

For instance, some interviewed firms consistently prioritized aspects such as cost of land, industrial infrastructure, proximity to raw material clusters and access to an established vendor base while some other investors focussed on the level of fiscal incentives offered, the ease of doing business, focus of the Government towards industries and administrative transparency.

Some interviewed firms, especially in the services sector, rated the access to robust social infrastructure and ease of living considerations as a critical prerequisite when planning investments, while for export-oriented firms interviewed, the proximity to ports and the efficiency of logistics networks played a pivotal role.

Therefore, priorities are unique for different businesses, and their investment decisions are tailored to specific operational needs, which encompass an array of critical factors, including but not limited to Ease of Doing Business rankings.



Investor Speak

Investment decisions are based on a comprehensive evaluation of multiple factors, which vary based upon the type of industry and business model. For us, real-world conditions such as the availability of power, surface water, infrastructure, ease of doing business, and the availability of a strong ecosystem that supports business growth and resilience play a critical role in determining the long-term viability of our operations.

Having in place a comprehensive indicator which can holistically assess the investment readiness and attractiveness of a particular region can act as a useful tool for us to evaluate between different locations for investment.



Mr. Vivek Jha

**National Head –
Public Policy &
Strategic Partnerships**

Hindustan Coca-Cola
Beverages Pvt. Ltd.

From the findings of the survey, it was observed that though Ease of Doing Business rankings are an important tool for benchmarking and driving policy improvements, they should be viewed as part of a broader framework rather than a standalone determinant of investment potential.

Policymakers must consider the full spectrum of factors that influence investment decisions to create an environment that is truly conducive to attracting and sustaining capital investments.

Recognizing the need therefore for a more holistic evaluation framework and basis the inputs received through primary research, PRISM - Primus Regional Investment Suitab-

ility Matrix has been developed to comprehensively assess the investment readiness and attractiveness of specific locations across sectors, business sizes and geographies.

PRISM encapsulates a broader spectrum of real-world factors and has been developed based upon inputs received from personal interviews, surveys and secondary research.

Under this comprehensive framework, **nine key factors and 64 sub-factors have been identified under four major heads – Cost of Doing Business, Speed of Doing Business, Ease of Doing Business and Ease of Living** as showcased overleaf:



Cost of Doing Business Related Factors



Cost of Land



Cost of Logistics



Cost of Utilities



Cost of Labour



Cost of Procurement



Cost of Regulatory Compliances

Speed of Doing Business Related Factors



Quality of Industrial Infrastructure



Uninterrupted Power Supply



Uninterrupted Water Supply



Gas Pipeline Infrastructure



ICT Infrastructure



Sewage & Effluent Treatment Infrastructure



Plug & Play Infrastructure / Ready-Built Sheds



Sector-Specific Common Facilities/Clusters



Land Use/ Zoning Regulations



Common Business Facilitation Centres



Industrial Housing & Dormitories for Labour

Logistics & Connectivity Infrastructure



Quality of Road Infrastructure



Accessibility of Rail Infrastructure



Accessibility of Airport Infrastructure



Port Connectivity



Accessibility/Last Mile Connectivity of Road Infrastructure



Cold Storage and Warehousing Infrastructure



Logistics Infrastructure (ICD, CFS, Multi-Modal Logistic Parks)

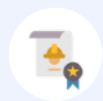


Public Transport Linkages for Workforce

Skilled Workforce Availability



Availability of Skilled Professionals for White-Collar Jobs



Availability of Skilled Industrial Labour



Labour-Related Compliance Burden



Labour Union Influence

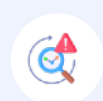
Supply Chain & Market Proximity



Proximity to Raw Material Sources



Proximity to and Strength of Local Supplier Ecosystem



Risk of Supply Chain Disruptions



Proximity to Major Markets



Ease of Doing Business Related Factors

Ease of Regulatory Compliance

- Ease of Assimilating Land for Business Ventures
- Ease of Starting a New Business
- Ease of Obtaining New Connections
- ICT Infrastructure
- Timeframes for Obtaining Approvals & Connections
- Accessibility of Government Officials
- Compliance and Regulatory Burden on New Businesses
- Inter-Departmental Linkages
- Transparency in Government Functioning
- Quality & Efficiency of Grievance Redressal Mechanisms

Policy Stability, Government Initiatives and Engagement with Industry

- Policy Stability/Continuity
- Focus & Attitude of Government towards Businesses
- Involvement of Industries in matters of Policy Formulation
- Export-Promotion related support
- Quantum of Fiscal and Non-Fiscal Incentives offered
- State's Willingness to Partner with Industries
- Offering of Customised Packages based upon unique business needs
- Efficiency of GST Administration
- Agility of the Govt. to react to changes in business environment

Environment and Sustainability Focus of the Government

- Stringency of Environment Protection, Water Management & Pollution Control Regulations
- Level of Integration of Environmental Considerations in Policy Decisions
- Ease of adopting Renewable Energy and Energy-Efficient Processes or Products
- Circular Economy/ Waste Management Ecosystem
- Ease of Obtaining Environment-related Clearances

Ease of Living Related Factors



- Quality of Civic Amenities
- Quality of Healthcare Infrastructure
- Availability of Educational Infrastructure
- Availability of Affordable Housing
- Availability of Recreational Facilities
- Level of Pollution
- Risk of Natural Disasters
- Cost of Living
- Safety and Security



Significance of PRISM

PRISM can serve as a transformative tool for policymakers, investors, and stakeholders by providing actionable insights into the factors that drive investment decisions. Its comprehensive approach and granularity offer several key advantages and applications:

1. **PRISM can be used as a comprehensive tool for assessment of Investment Competitiveness across various regions:**

PRISM can serve as a benchmarking tool to evaluate different States/ Districts/ Regions in terms of their Investment Potential/ Attractiveness across sectors or at an overall level and track their progress over time. One of the key features of PRISM is its customizability and flexibility. Based on the specific needs of the evaluation, PRISM can be finetuned by adjusting the weightages assigned to the different factors and sub-factors therein, making the index a potent tool for various evaluations such as evaluation of different States within the country or for evaluation of different districts of a State or for evaluation of only landlocked/coastal States of the country or for evaluation of a specific sector (manufacturing/ services sector) etc. Evaluation may also be conducted at an overall level or for only manufacturing sector firms or for only service sector firms.

For instance, if the Central Government seeks to assess how states are performing across key developmental parameters, the framework can be adjusted to incorporate critical indicators relevant to such evaluations. On the other hand, State Governments looking to boost district-level competitiveness and strengthen foundational systems can use the framework to focus on parameters that comprehensively assess district performance. The index enables a comprehensive and data-driven approach to measure progress and identify areas needing improvement.

2. **The results of PRISM can drive data backed policymaking and strategic planning.**

Beyond evaluation of regional performance, PRISM can also be a powerful tool for strategic planning and policymaking. The tool can help identify bottlenecks and areas of concern and thereafter facilitate the formulation of actionable strategies aimed at addressing these specific issues.

This ability to identify key interventions can also ensure that resources and efforts are directed where they are needed most, enabling policymakers to drive meaningful and sustainable change.



3. PRISM can also be used as a guiding tool by investors in their location decisions.

As PRISM evaluates locations basis a multitude of critical factors for business, PRISM can also emerge as a tool which investors use to evaluate different locations

In conclusion, PRISM shall not just be a diagnostic or an evaluation tool but a roadmap for regions aiming to attract and sustain investments in a competitive global environment.

By addressing the complex interplay of factors influencing investor decisions, it can empower regions to create tailored, impactful strategies that drive economic growth, enhance competitiveness, and foster long-term prosperity.

Expert Speak

"In a globally competitive economy, attracting and retaining investments requires a comprehensive evaluation beyond traditional ease of doing business rankings. The PRISM Index offers a structured framework that assesses critical factors such as infrastructure, cost efficiency, policy stability, and workforce availability - elements that truly define investment readiness.

Adoption of such data-driven approach, policymakers can address existing gaps, drive meaningful reforms, and create an enabling environment for businesses. This will not only enhance regional competitiveness but also lead to higher investment realization and sustainable economic growth."



Ms. Raksha Sharda

**Vice President,
Primus Partners**



03

Decoding PRISM

Understanding the Relative Importance of Different Sub-factors under PRISM for Investors



Based on the responses received from Investors on the relative importance of different factors and subfactors in their Investment decisions, the following key insights have emerged:

Key Finding

#1

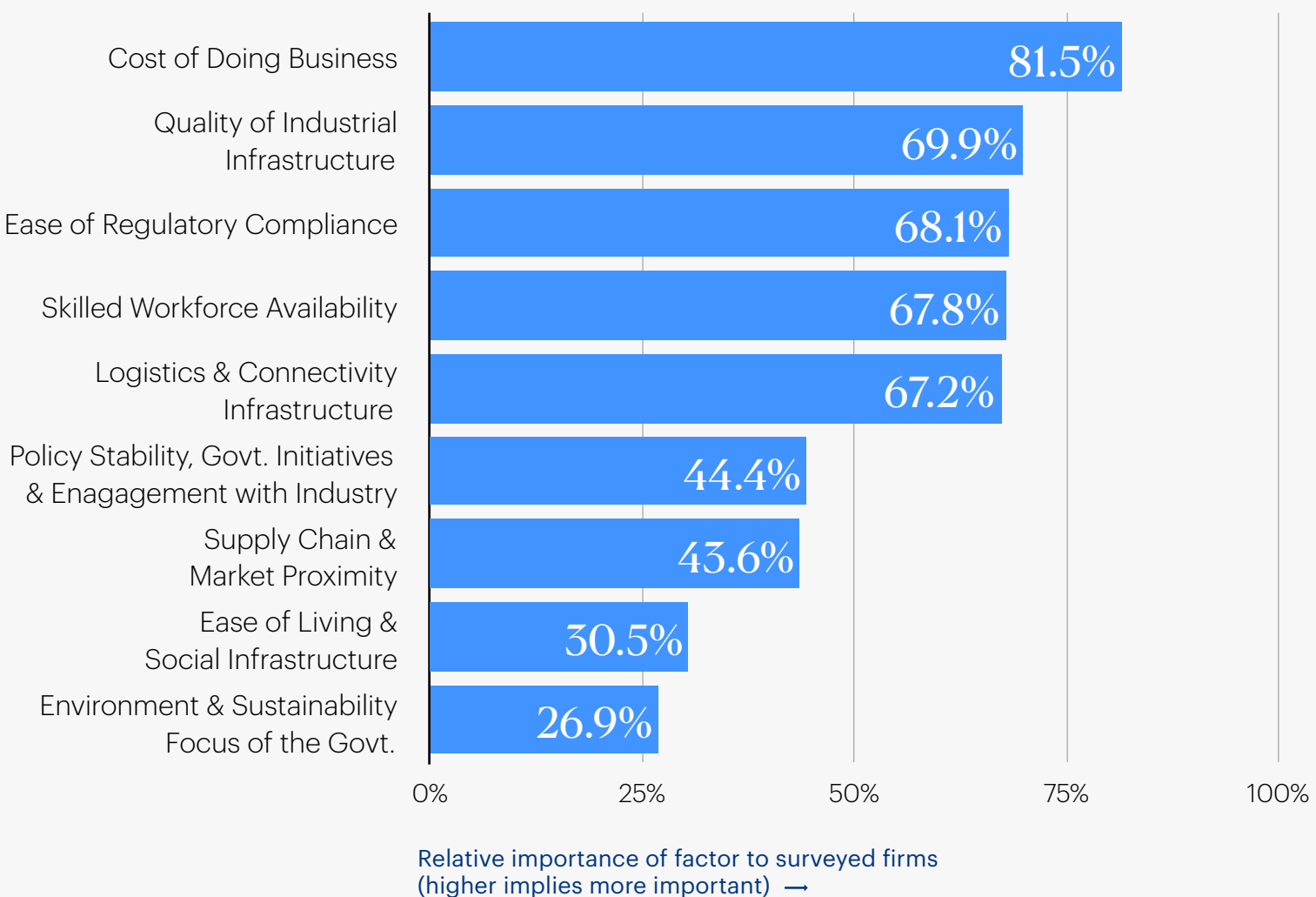
Cost of Doing Business is the most important factor in Assessment of Investment Attractiveness of a Location.



At an overall level, Cost of Doing Business emerged as the most important factor in “Assessment of Investment Attractiveness of a Location” decisions with a score of 81.5%. The Quality of Industrial Infrastructure was rated as the 2nd most important factor (69.9%), while Ease of Regulatory Compliances emerged as only the 3rd most important factor amongst the 9 major factors (68.1%). Skilled Workforce Availability and Logistics and Connectivity infrastructure followed in 4th and 5th positions with overall scores of 67.8% and 67.2% respectively.

Fig. 2 | Investment Attractiveness Factors: Overall Results

Ranking of Relative Importance of Different Factors in Assessment of Investment Attractiveness of a Location





Key Finding

#2

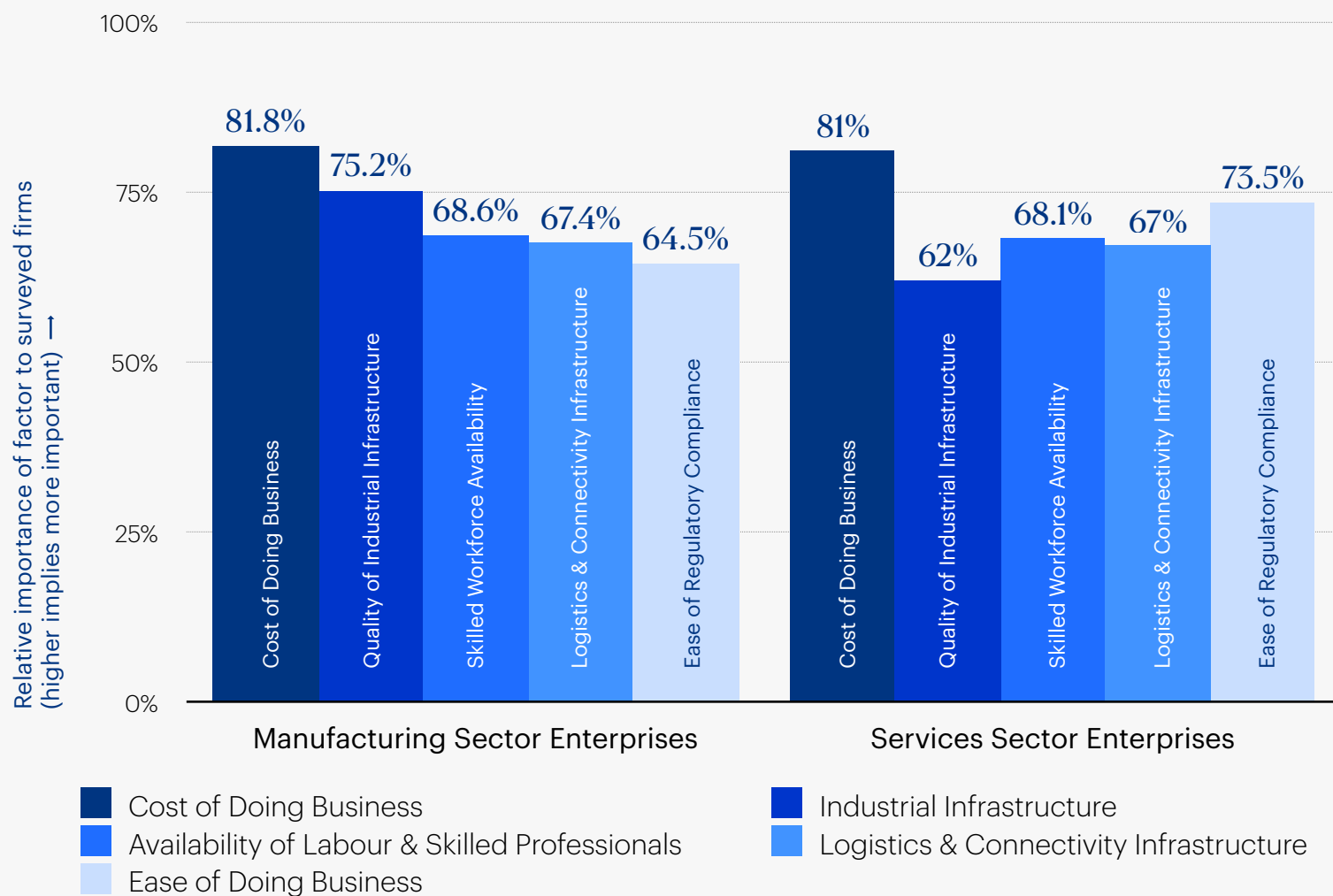
Ease of Doing Business factors were observed to be of considerably greater importance for Service Enterprises while for Manufacturing Enterprises, Speed of Doing Business factors were more important.



For both Manufacturing and Service Sector enterprises, Cost of Doing Business was the most important factor in Investment decisions. However, it was observed that the relative importance of Ease of Doing Business factors such as Ease of Regulatory Compliance varied across Manufacturing and Service Sector enterprises. While for Service Enterprises, **Ease of Regulatory Compliance** was of 2nd highest importance with a score of 73.5%, for Manufacturing Enterprises, it only ranked 5th most important (score of 64.5%) with **Speed of Doing Business** factors such as **Quality of Industrial Infrastructure** (75.2%), **Skilled Workforce Availability** (68.6%) and **Logistics and Connectivity Infrastructure** (67.4%) being of greater importance in “Assessment of Investment Attractiveness of a Location” decisions.

Fig. 3 | Manufacturing Sector vs Service Sector Enterprises

Ranking of Relative Importance of Different Factors in Assessment of Investment Attractiveness of a Location (Top 5 Factors)





Key Finding

#3

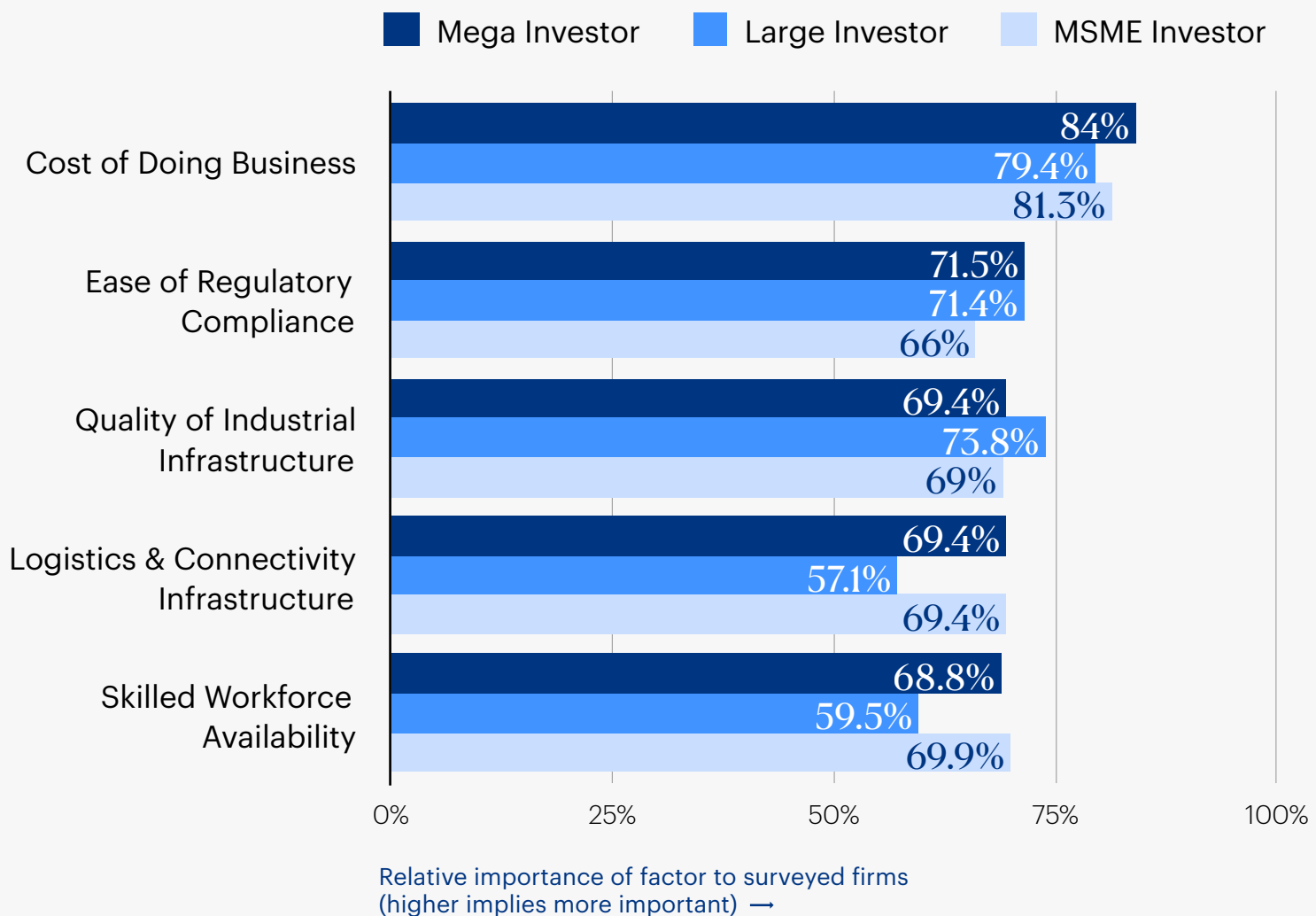
Ease of Doing Business related factors are of considerably greater importance in Assessment of Investment Attractiveness of a Location decisions for Mega and Large Enterprises as compared to MSMEs, for whom Speed of Doing Business factors were more critical.



Ease of Doing Business factors such as Ease of Regulatory Compliance are of considerably greater importance in Assessment of Investment Attractiveness of a Location decisions for Mega and Large Enterprises as compared to MSMEs. While for **Mega** and **Large** Enterprises, **Ease of Regulatory Compliance** was ranked as the 3rd and 2nd most important factor respectively, for **MSMEs**, Ease of Regulatory Compliance was only the 5th most important factor after **Cost of Doing Business** (81.3%) and Speed of Doing Business factors such as **Skilled Workforce Availability** (69.9%), **Logistics and Connectivity Infrastructure** (69.4%) and **Quality of Industrial Infrastructure** (69.0%).

Fig. 4 | Mega vs Large vs MSME Enterprises

Ranking of Relative Importance of Different Factors in Assessment of Investment Attractiveness of a Location (Top 5 Factors)





Key Finding

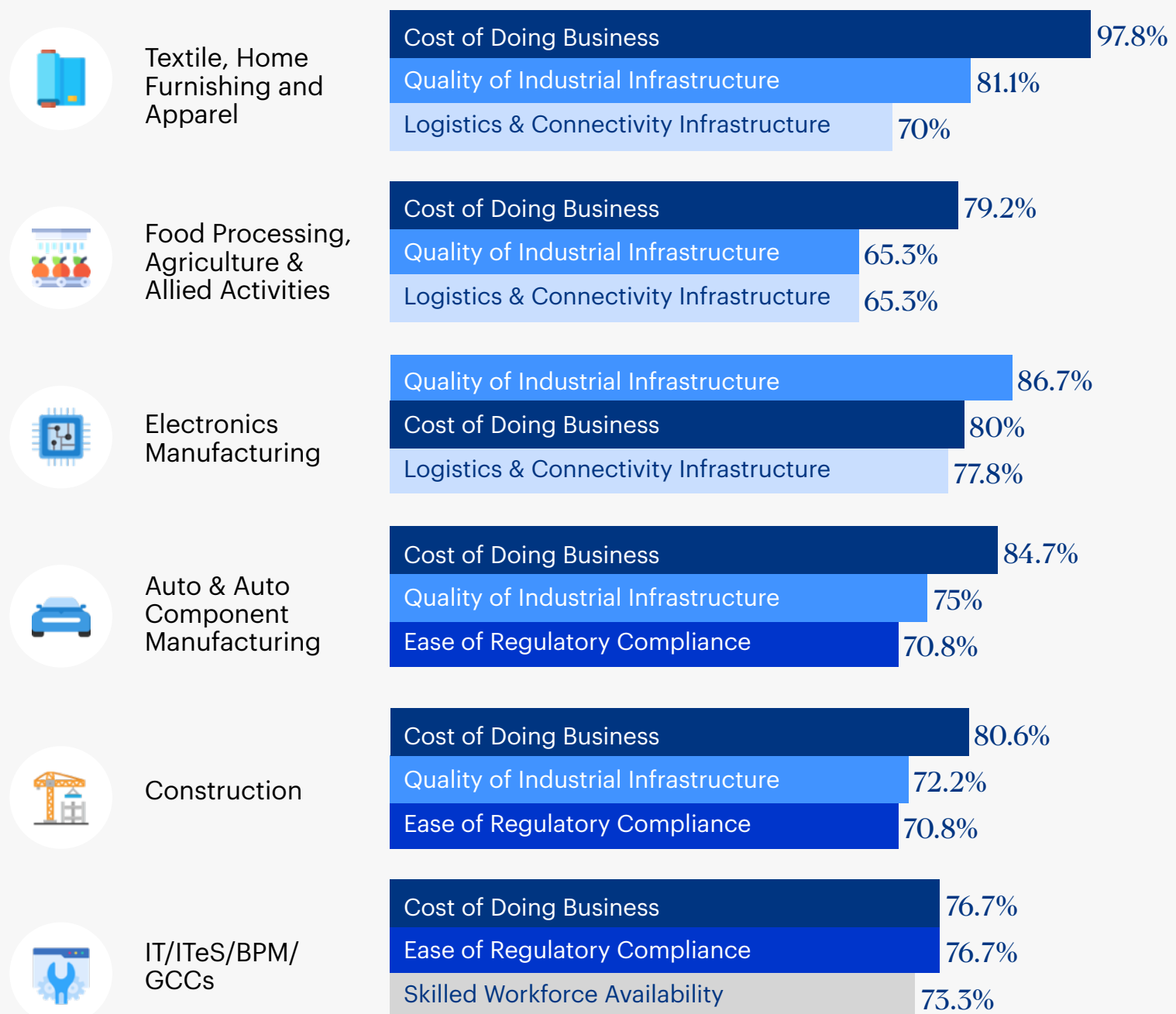
#4

The relative importance of different factors varies to an extent based upon the type of industry, but by and large, for most industries, except for Electronics Manufacturing, the **Cost of Doing Business** was found to be the most important consideration in the Assessment of Investment Attractiveness of a Location.



Fig. 5 | Top 3 Investment Attractiveness Factors across Sectors

Ranking of Relative Importance of Different Factors in Assessment of Investment Attractiveness of a Location (Top 3 Factors)





Key Finding #4 (contd.)

For **Textile, Home Furnishing and Apparel, and Food Processing, Agriculture and Allied Activities** firms, Cost of Doing Business, Quality of Industrial Infrastructure, and Logistics & Connectivity Infrastructure were rated as the top three factors basis their relative importance in assessment of a location's investment attractiveness.

On the other hand, for **Electronics Manufacturing** firms, Quality of Industrial Infrastructure (86.7%) was rated as the most important factor followed by Cost of Doing Business (80%) and Logistics & Connectivity Infrastructure (77.8%).

For **Auto & Auto Component Manufacturing and Construction** Firms, Cost of Doing Business, Quality of Industrial Infrastructure and Ease of Regulatory Compliance were rated as the top three factors basis their relative importance in assessment of investment attractiveness of a location.

On the other hand for **IT/ITeS/BPM/GCCs**, Cost of Doing Business (76.7%) was the most important, followed by Ease of Regulatory Compliance (76.7%) at 2nd rank and Skilled Workforce Availability (73.3%) at 3rd.





Key Finding

#5

Within the Cost of Doing Business factor, the **Cost of Land** clearly emerged as the most significant factor with respect to Assessment of Investment Attractiveness of a Location.

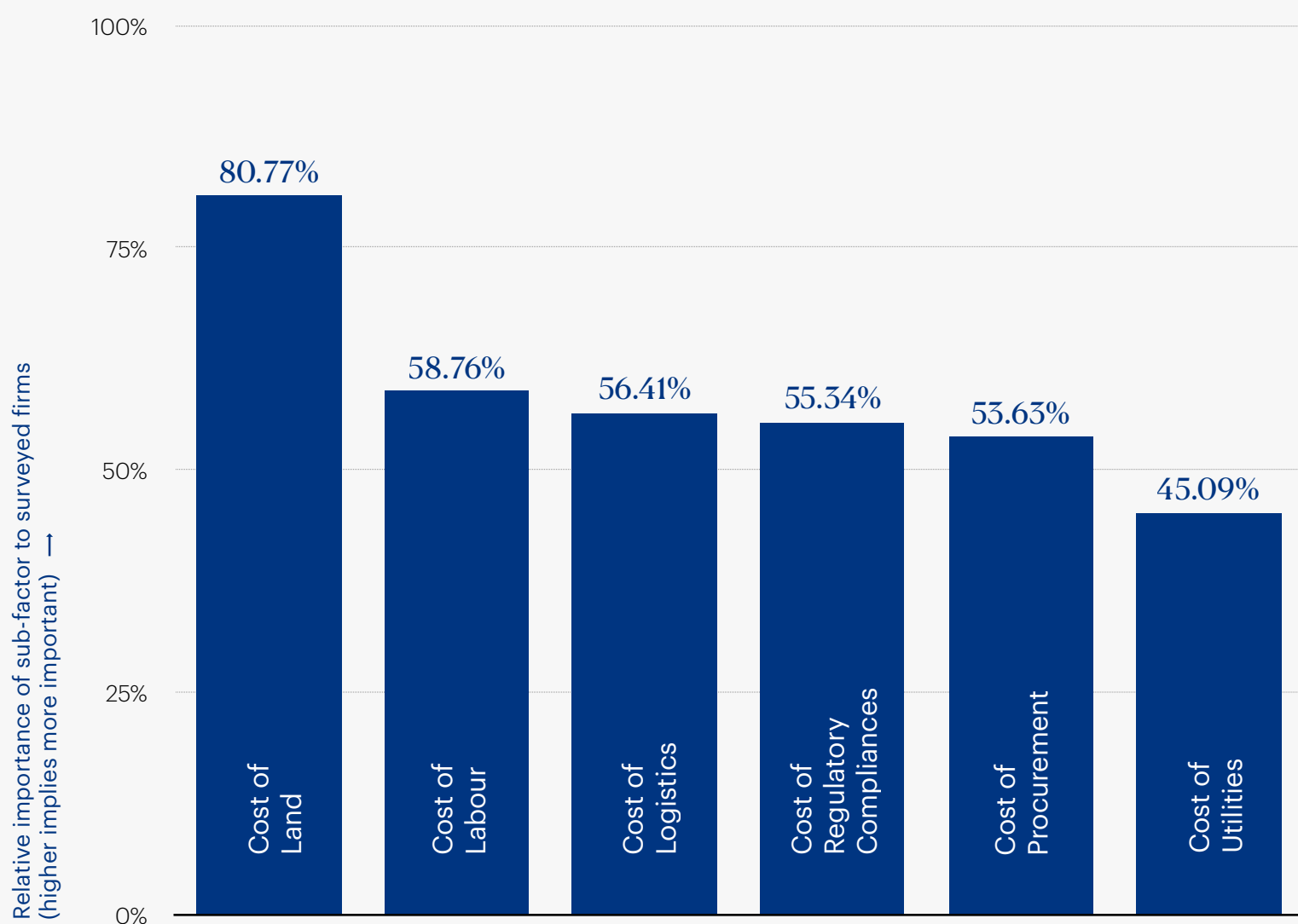


Cost of Land with an overall score of **80.8%** has clearly emerged as the **most significant factor** with respect to assessment of investment attractiveness of a location.

During personal interviews with investors, it was highlighted that the high cost of land makes business ventures uncompetitive and has been seen to encourage speculators rather than manufacturing and service sector enterprises.

Fig. 6 | Cost of Doing Business: Overall

Ranking of Relative Importance of Different Sub-Factors under Cost of Doing Business in Assessment of Investment Attractiveness of a Location





Key Finding #5 (contd.)

To address the same, it was suggested by investors that the Government take concerted actions towards reducing upfront capital investment on land and to make industrial land bank more accessible to potential business ventures through initiatives such as incorporation of land leasing models with clearly defined terms and conditions for conversion of leasehold rights to freehold rights, offering of scattered payment schedules to reduce upfront capital expenditure, land price concession related fiscal incentives and reservations of plots for MSME ventures.

The Cost of Land factor was followed in importance by Cost of Labor (58.8%), Cost of Logistics (56.4%), Cost of Regulatory Compliances (55.3%) and Cost of Procurement (53.6%) with relatively equal importance. Cost of Utilities (45.1%) was clearly identified as the factor of least importance in investment decisions.

Investor Speak

"The cost of land plays a crucial role in determining where businesses choose to invest. High land prices can be a significant barrier, especially for new and expanding enterprises. To attract investment and promote industrial growth, the public sector must continuously explore policies that reduce this financial burden on investors.

One effective approach is the adoption of land leasing models, which provide businesses with access to land without requiring large upfront capital investments. This not only lowers entry costs but also enhances flexibility, allowing companies to scale operations more efficiently.

Additionally, well-structured land leasing policies can lead to better land utilization, faster project implementation, and improved long-term returns for both investors and the government."



**Mr. Prashant
Kumar Mohota**

**Managing Director,
Gimatex**



Key Finding

#6

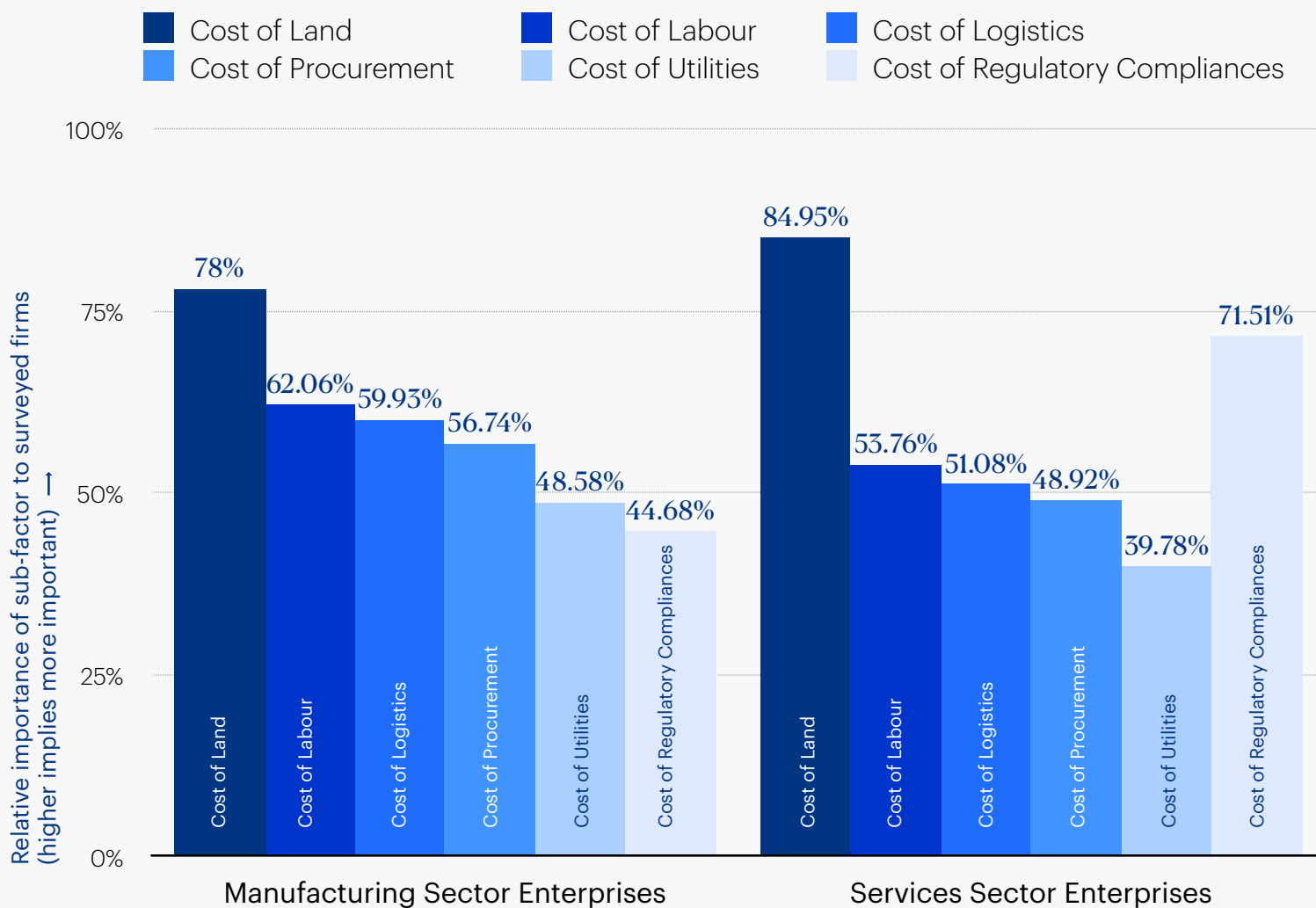
For Service Sector Enterprises, the Cost of Regulatory Compliance was a significant consideration while for Manufacturing Enterprises, Cost of Labour and Cost of Logistics were of greater importance under the Cost of Doing Business factor.



For both Manufacturing (78.0%) and Service Sector Enterprises (85.0%), Cost of Land emerged as the most critical factor for consideration in the Assessment of Investment Attractiveness of a Location. However, for Service Sector Enterprises, the Cost of Regulatory Compliances (71.5%) emerged as the 2nd most important factor after Cost of Land (85%), while for Manufacturing Sector Enterprises, Cost of Labor (62.1%) and Cost of Logistics (51.1%) were found to be the 2nd and 3rd most important factor after Cost of Land (78%). Cost of Regulatory Compliances (44.7%) was the least important factor for Manufacturing Enterprises.

Fig. 7 | Cost of Doing Business: Manufacturing vs Service Sector Enterprises

Ranking of Relative Importance of Different Sub-Factors under Cost of Doing Business in Assessment of Investment Attractiveness of a Location





Key Finding #6 (contd.)

During personal interviews with investors it was highlighted that though relative to history, the licensing, inspection and compliance burden of businesses has reduced through the different initiatives of the Government such as Make in India, Ease of Doing Business (EoDB), Business Reform Action Plan (BRAP), Jan Vishwas Acts etc., the burden continues to be high relative to how much the burden ought to be. It was highlighted by investors that due to this onerous compliance burden, the limited management bandwidth available with businesses to grow business, seek new markets, streamline operations, raise funding, and hire labor gets spent disproportionately on compliance, holding them back from growing to their full potential and becoming job creators.

With respect to Cost of Labor, it was highlighted that there is a need to adopt a multi-faceted approach to address the issue of Cost of Labor while balancing the interests of both the businesses and the workers. Apart from enhancing fiscal support for employment generation, another solution suggested by investors was to devise mechanisms to reduce direct/indirect costs for workers/labour force such as offering of subsidized/affordable rental housing for workers near industrial clusters by partnering with private developers, offering transport subsidies to workers traveling to job locations etc.

Expert Speak

“Fostering a truly conducive business ecosystem goes beyond easing regulations - it depends on the industries’ consistent compliance with those regulations. While businesses have diligently implemented these reforms, it is high time the government acknowledges their efforts and introduces a mechanism to reward compliance. One promising approach for the same is the launch of a Compliance Rating Mechanism, where industries are evaluated and rated based on their adherence to regulatory requirements. This mechanism could function similarly to credit rating systems used by financial institutions or the GST compliance rating score. Such a rating system would recognize and reward industries for their good practices, encouraging other businesses to follow suit. It creates a win-win situation: industries benefit from incentives, and governments foster a culture of compliance that strengthens the overall regulatory ecosystem.”



Mr. Kanishk Maheshwari

Co-Founder & Managing Director,
Primus Partners



Key Finding

#7

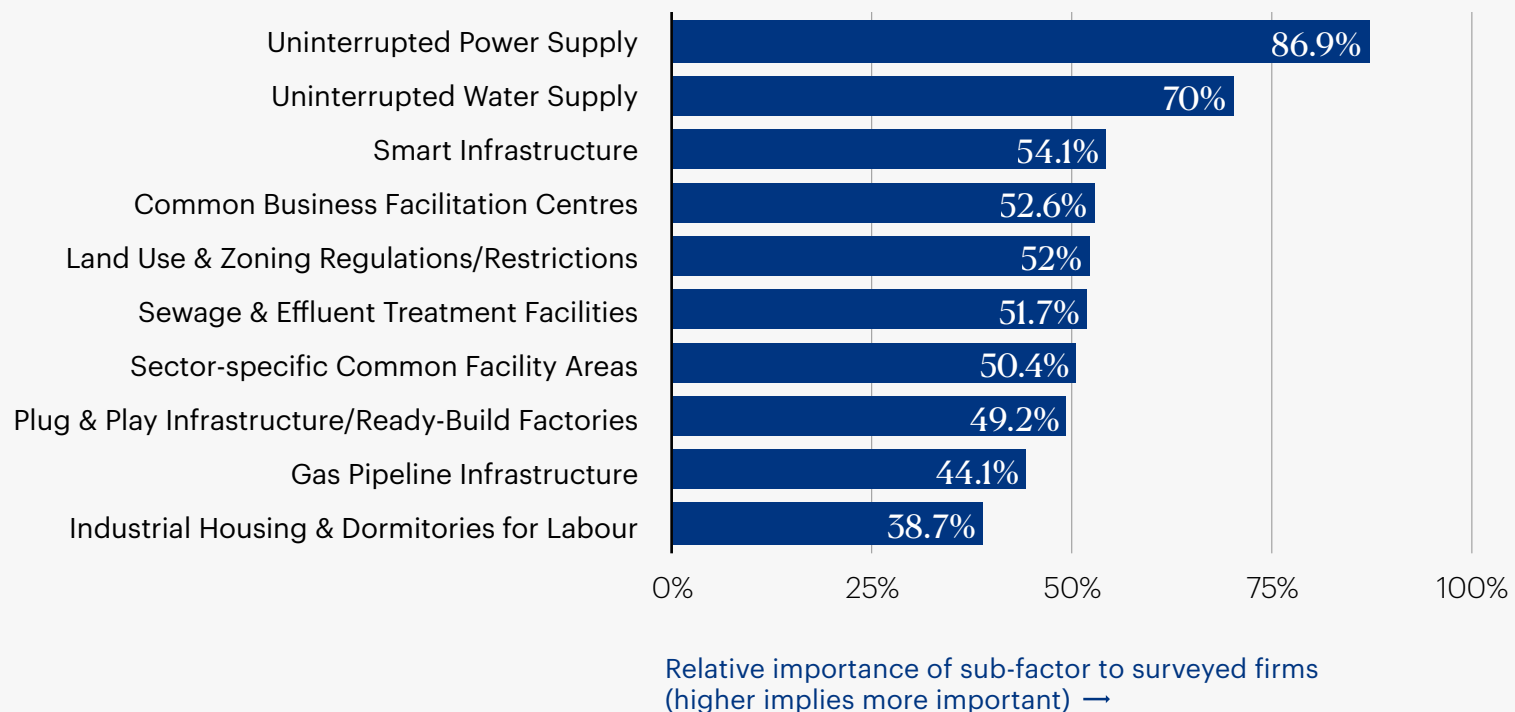
Availability of Uninterrupted Power Supply & Uninterrupted Water Supply were rated as the most critical factors in Industrial Infrastructure for Assessment of Investment Attractiveness of a Location.



Under Industrial Infrastructure, **Availability of Uninterrupted Power Supply (86.9%)** and **Availability of Uninterrupted Water Supply (70%)** were rated as the most critical factors for consideration in Assessment of Investment Attractiveness of a Location. In personal interviews, investors highlighted how these factors were critical for operational efficiency and how unscheduled interruptions led to production lags and losses, impacting micro and small enterprises most severely. It was also highlighted that businesses are forced to make substantial investments in alternate/ backup arrangements such as procurement of diesel generator sets due to such interruptions leading to a drastic ramp up in costs.

Sub-factors such as the Availability of ICT Infrastructure (54.1%), Common Business Facilitation Centers (52.6%), Land Use and Zoning Restrictions (52%), Availability of Sewage and Effluent Treatment Facilities (51.7%) and Plug and Play Infra-structure (49.2%) followed with relatively equal importance. The Availability of Gas Pipeline Infrastructure (44.1%) and Industrial Housing and Dormitories for Labor (38.7%) was rated as the least important considerations.

Fig. 8 | Quality of Industrial Infrastructure: Overall
 Ranking of Relative Importance of Different Sub-Factors under Industrial Infrastructure in Assessment of Investment Attractiveness of a Location





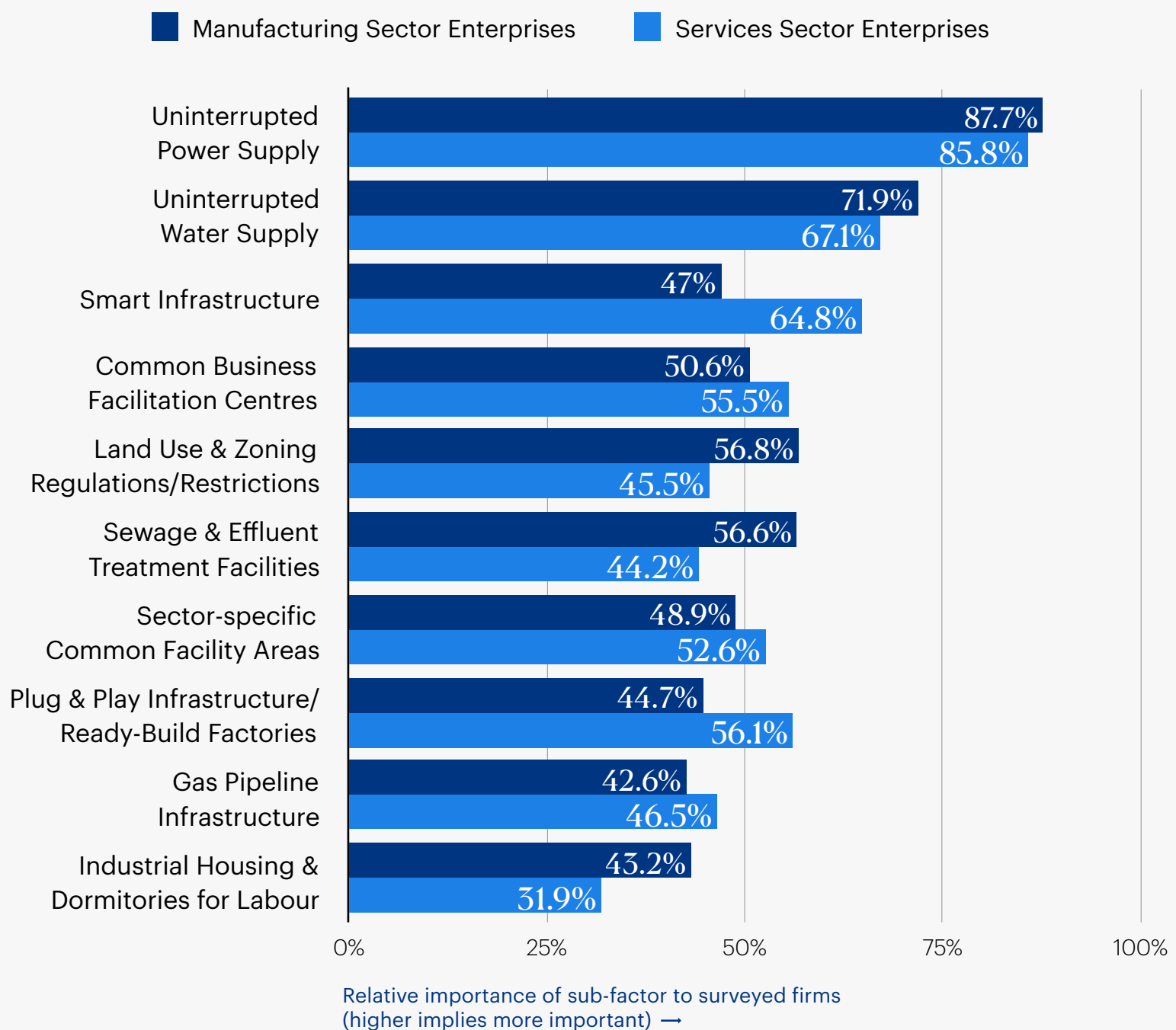
Key Finding

#8

For Service Sector Enterprises, the Availability of ICT and Plug & Play Infrastructure were significant considerations, while for Manufacturing Sector Enterprises, Land Use & Zoning Restrictions and the Availability of Sewage & Effluent Treatment Facilities were significantly more important.



Fig. 9 | Quality of Industrial Infrastructure: Manufacturing vs Service Enterprises
 Ranking of Relative Importance of Different Sub-Factors under Cost of Doing Business in Assessment of Investment Attractiveness of a Location





Key Finding #8 (contd.)

Under the Industrial Infrastructure factor, variance was observed in the relative importance of different sub-factors (apart from Availability of Uninterrupted Power Supply and Availability of Uninterrupted Water Supply) for Service Sector and Manufacturing Sector Enterprises. For Service Sector Enterprises (64.8%), the Availability of ICT Infrastructure emerged as the 3rd most important factor out of the 10 factors, while the same factor was of only 7th most importance for Manufacturing Sector Enterprises (47%). Similarly, for Service Sector Enterprises (56.1%), the Availability of Plug & Play Infrastructure was observed to be the 4th most important factor, while it ranked at only 8th most importance for Manufacturing Sector Enterprises (44.7%). On the other hand, Land Use and Zoning Restrictions and Availability of Sewage and Effluent Treatment Facilities were rated as the 3rd and 4th most important factors by Manufacturing Sector Enterprises, but were rated as only 8th and 9th most important by Service Sector Enterprises.

Investor Speak

“Industrial infrastructure development plays a pivotal role in driving economic growth and shaping the future of a nation. Recognizing its significance, India has strategically placed industrial infrastructure at the core of its development agenda. The robust industrial clusters will foster manufacturing excellence and achieving the vision of Viksit Bharat.

We encourage the establishment of smart industrial parks and economic townships; and support that the Government consider extending the Production Linked Incentive (PLI) scheme benefits to the Townships/ Industrial Parks. By including industrial parks under the PLI framework, the Government can incentivize private and public sector investments in the creation of well-planned industrial clusters. This initiative would not only accelerate the development of such infrastructure but also enhance their marketability by attracting businesses seeking operational efficiency and cost-effectiveness.”



Mr. S V Goyal

**CEO &
Whole Time
Director,**

**Reliance Model
Economic Township
Ltd (MEIT)**



Key Finding

#9

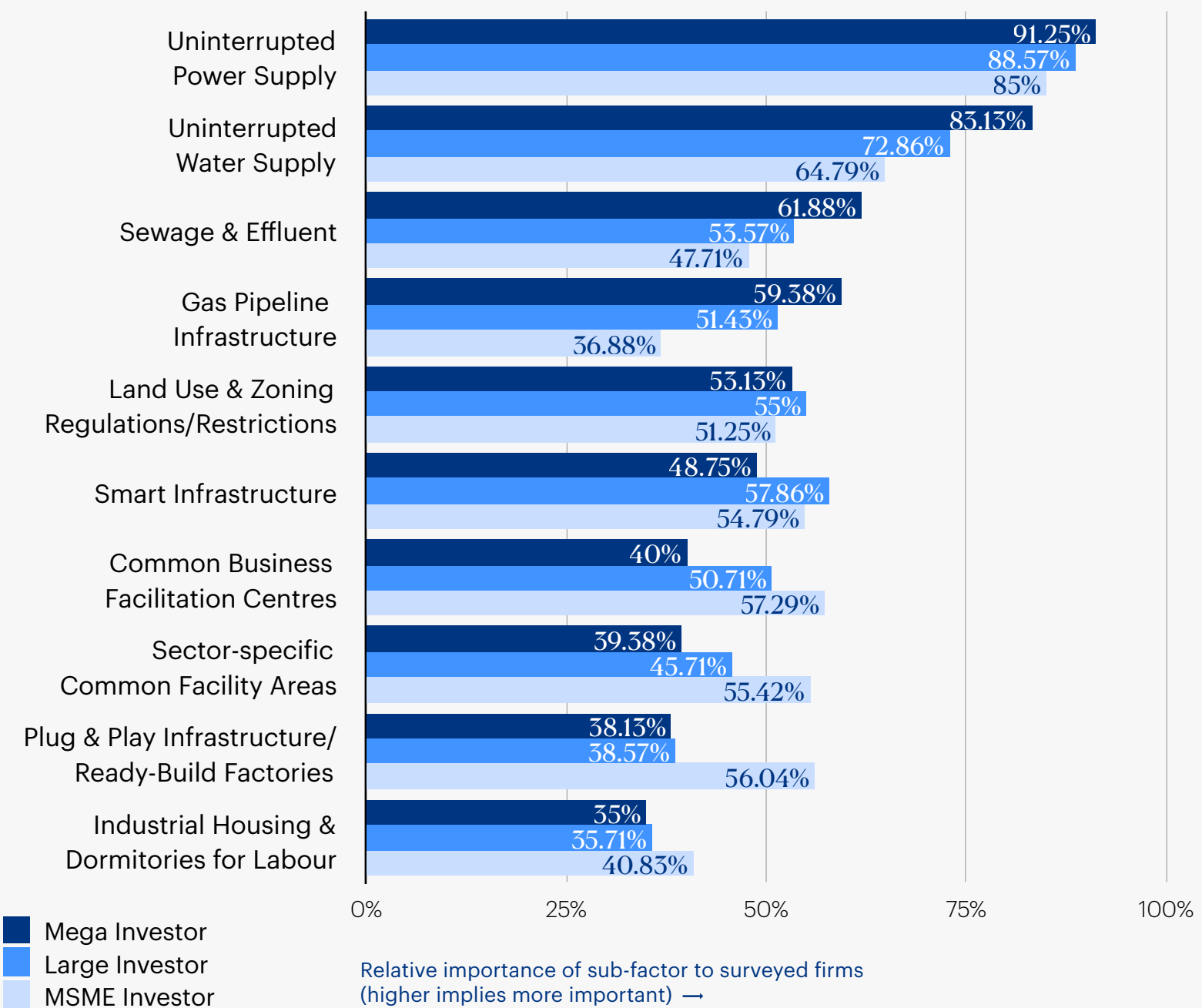
Availability of Common Business Facilitation Centers, Sector-Specific Common Facilities and Plug & Play Facilities were much more important considerations for MSMEs as compared to Mega and Large Investors.



For MSMEs, Availability of Common Business Facilitation Centers (57.3%), Availability of Plug and Play Facilities (56%) and Sector Specific Common Facilities (55.4%) were the 3rd, 4th and 5th most important factors under the Industrial Infrastructure Pillar.

These factors were observed to be of considerably lower importance for both Mega & Large Investors (ranked 7th, 8th and 9th most important).

Fig. 10 | Quality of Industrial Infrastructure: Mega vs Large vs MSME Enterprises
 Ranking of Relative Importance of Different Sub-Factors under Cost of Doing Business in Assessment of Investment Attractiveness of a Location





Key Finding

#10

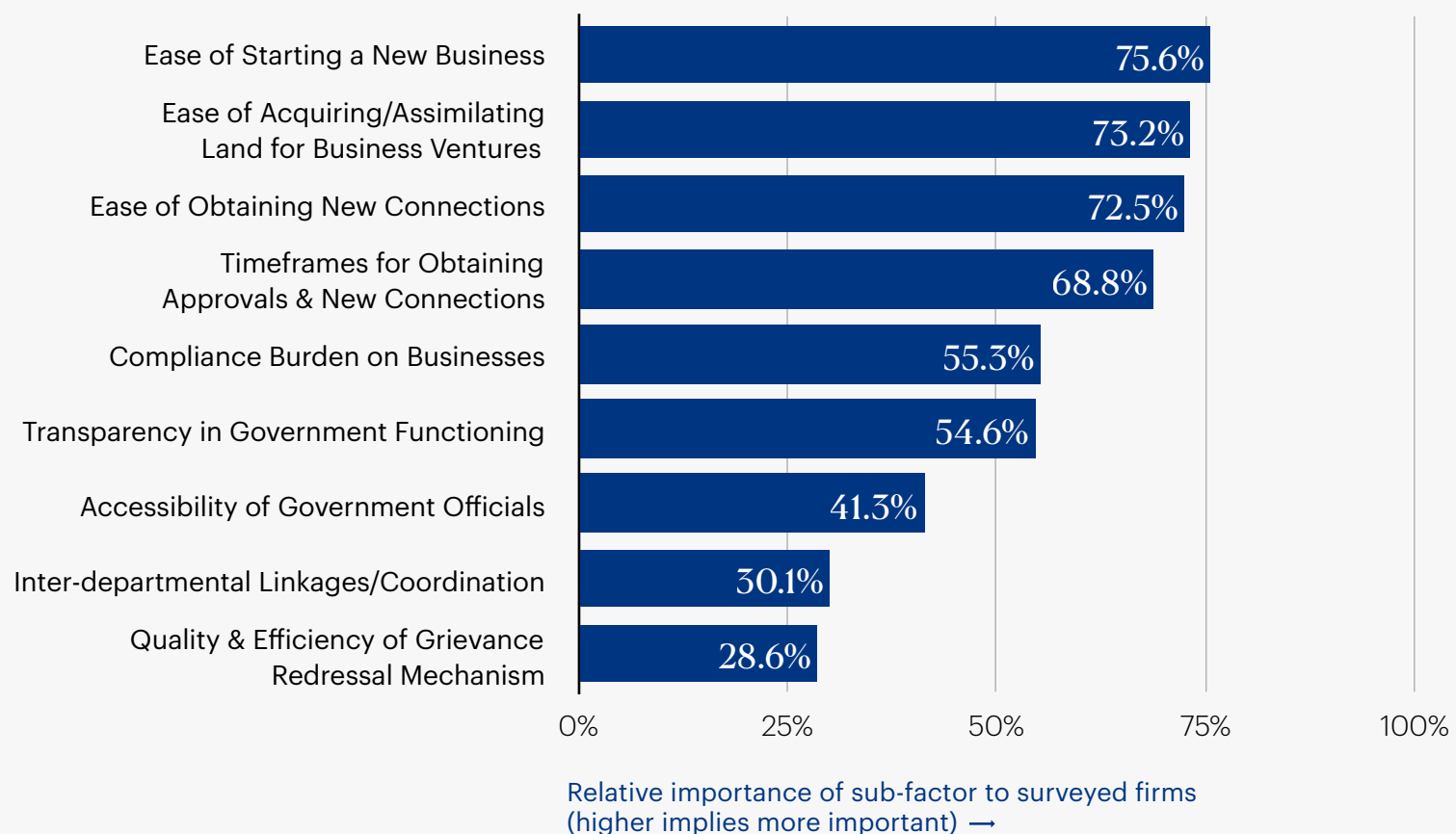
The Ease of Starting a New Business, Ease of Acquiring/ Assimilating Land for New Ventures, Ease of Obtaining New Connections and the Timeframes for Obtaining Approvals & Connections were the four most important considerations under Ease of Regulatory Compliance in Assessment of Investment Attractiveness of a Location.



At an overall level, amongst the different sub-factors under the Ease of Regulatory Compliance factor, it was observed that Ease of Starting a New Business (75.6%), Ease of Assimilating Land (73.2%), Ease of Obtaining New Connections (72.5%) and Timeframes for Obtaining Approvals & New Connections (68.8%) were the four most important considerations for Assessment of Investment Attractiveness of a Location. Factors such as Compliance Burden on Businesses (55.3%) and Transparency in Govt. Functioning (54.6%) were rated as the next two important factors while Accessibility to Govt. officials (41.3%), Interdepartmental coordination/ and linkages (30.1%) and the Quality & Efficiency of Grievance Redressal Mechanisms (28.6%) were rated as the least important considerations under Ease of Regulatory Compliance.

Fig. 11 | Ease of Regulatory Compliance: Overall

Ranking of Relative Importance of Different Sub-Factors under Ease of Regulatory Compliance in Assessment of Investment Attractiveness of a Location





Key Finding #10 (contd.)

During personal interviews with investors, it was suggested that Governments should focus on both Ease of Doing Business as well as Speed of Doing Business through use of technology and by simplifying rules and processes around processes for assimilating land and obtaining approvals.

Investors also stated that States which adopted end-to-end digitization of services and reduced the need for physical interfaces/meetings with Govt. officials were more attractive to them for their business decisions.

Investor Speak

Accelerating Investment Mobilization: Speed and Cost Competitiveness as Key Drivers

“In an increasingly competitive global economy, attracting investments requires a strategic focus on both speed and cost competitiveness. The Speed of Doing Business approach prioritizes minimizing procedural delays in business registration, licensing, and approvals, ensuring that investors can transition from ideation to operation with minimal friction. Digital transformation, single-window clearances, and automated approvals play a crucial role in reducing timelines, enhancing transparency, and fostering investor confidence.

However, speed alone is not enough - cost competitiveness is equally vital. Streamlining regulatory compliance, reducing operational costs, and offering targeted incentives can make investment destinations more attractive. By integrating efficiency with cost competitiveness, governments can create a dynamic business ecosystem that not only accelerates investment mobilization but also strengthens the state's position as a hub for global business expansion.”



Mr. Nishant Arya

Vice Chairman
JBM Group



Key Finding

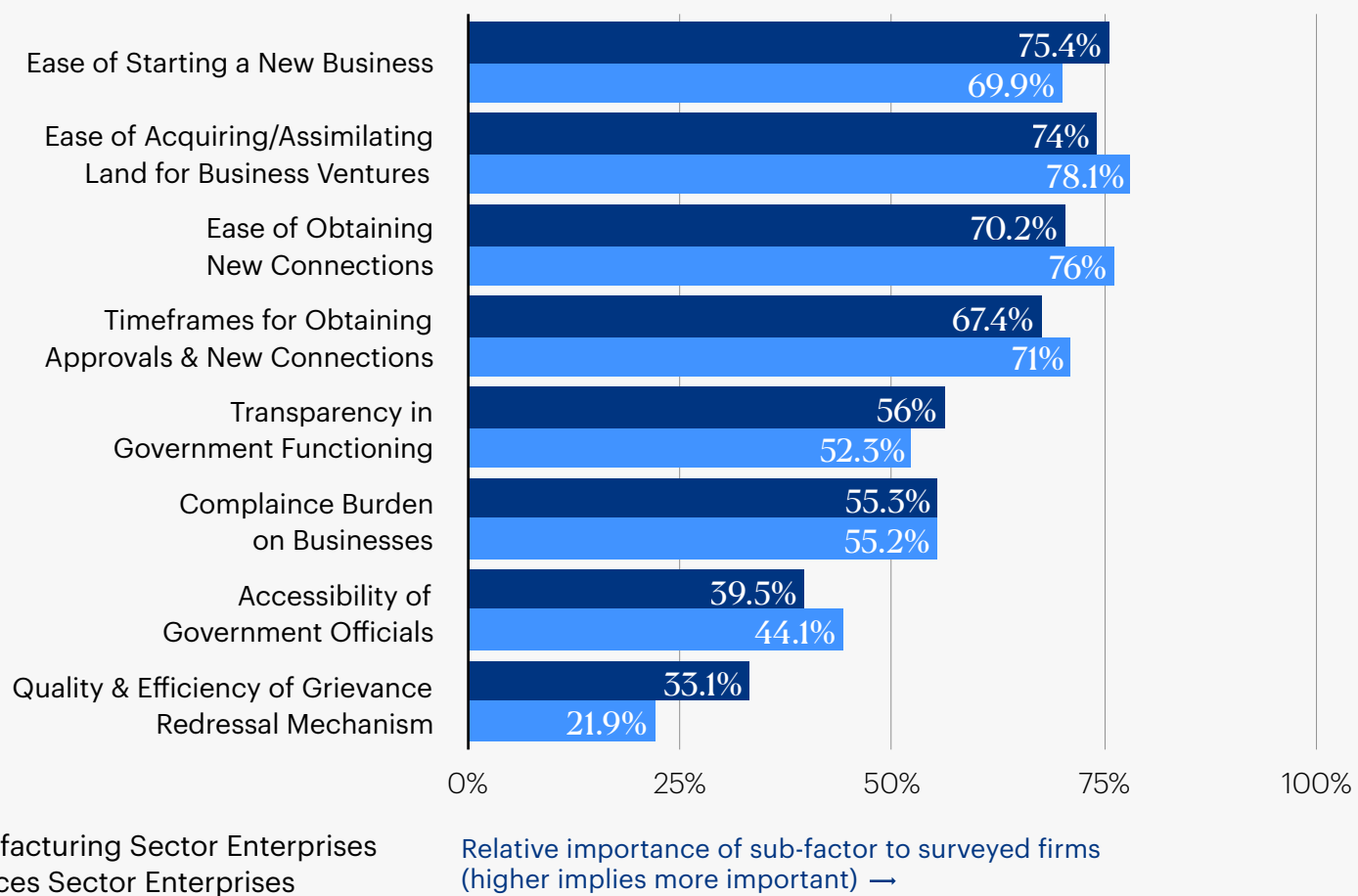
#11

Under Ease of Regulatory Compliance, relative importance of different sub-factors varies for Services and Manufacturing Enterprises. While the Ease of Assimilating Land was the most important consideration for Enterprises in Manufacturing Sector, Ease of Starting a New Business was most important for Service Enterprises.



For Manufacturing Sector Enterprises, Ease of Assimilating Land for Business Ventures (75.4%) was the most important sub-factor under Ease of Regulatory Compliance followed by Ease of Starting a New Business (74%), Ease of Obtaining New Connections (70.2%) and thereafter Timeframes for Obtaining Approvals & New Connections (67.4%). On the other hand, for Service Sector Enterprises, Ease of Starting a New Business (78.1%) was the most important sub-factor under Ease of Regulatory Compliance, followed by Ease of Obtaining New Connections (76%), Timeframes for Obtaining Approvals & New Connections (71%) and only thereafter by the Ease of Assimilating Land (69.9%).

Fig. 12 | Ease of Regulatory Compliance: Manufacturing vs Services Enterprises
 Ranking of Relative Importance of Different Sub-Factors under Ease of Regulatory Compliance in Assessment of Investment Attractiveness of a Location





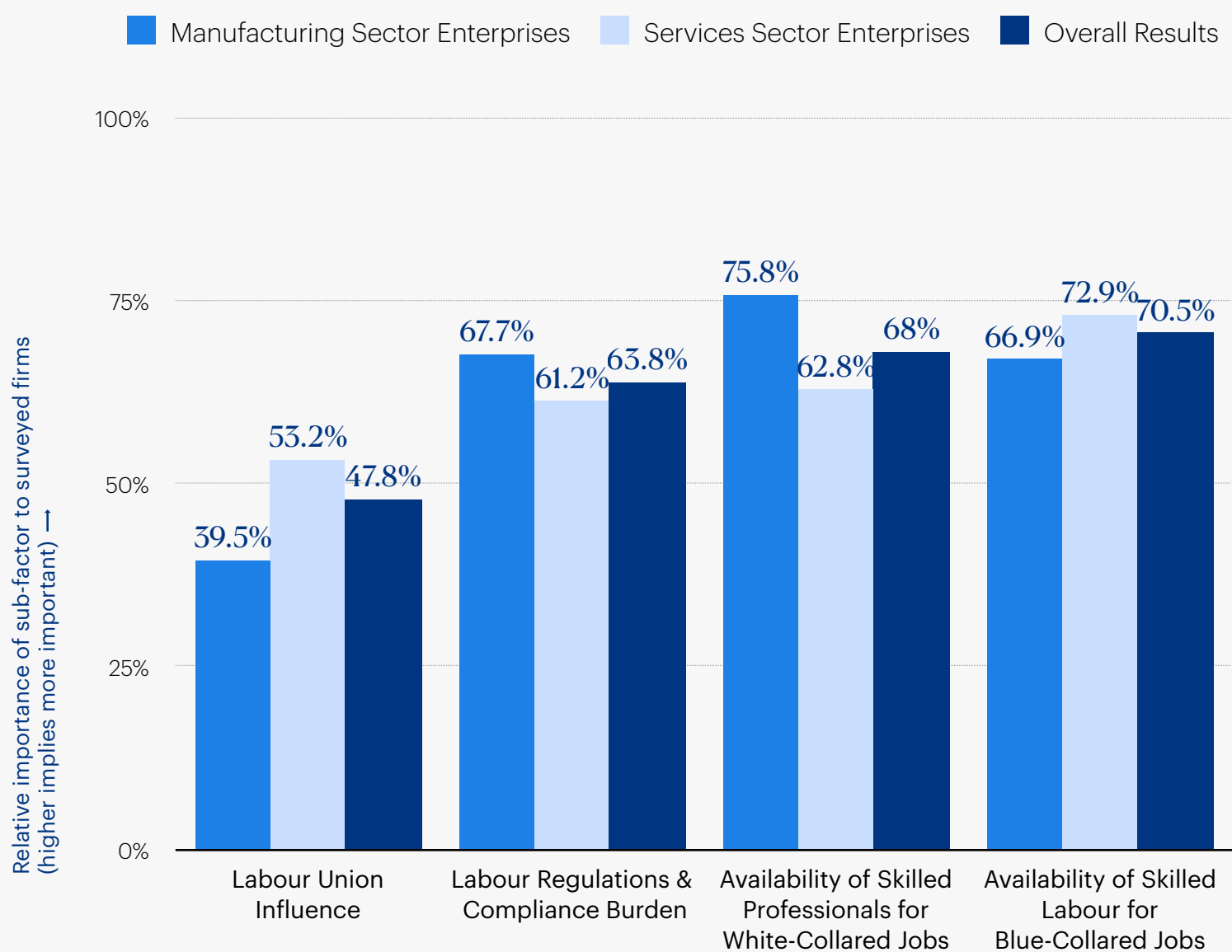
Key Finding

#12

Under the Skilled Workforce Availability factor, it was observed that **Availability of Skilled Labour for Blue Collared Jobs** was of the highest importance for Manufacturing Sector Enterprises, while **Availability of Skilled Professionals for White Collared or Technical Jobs** was of the highest importance for Service Sector Enterprises.



Fig. 13 | Skilled Workforce Availability:
Manufacturing Sector Enterprises vs Services Sector Enterprises vs Overall
 Ranking of Relative Importance of Different Sub-Factors under Skilled Workforce Availability in Assessment of Investment Attractiveness of a Location





Key Finding #12 (contd.)

Availability of Skilled Labor for Blue Collared Jobs (72.9%) was of highest importance for Manufacturing Sector Enterprises, while Availability of Skilled Professionals for White Collared Jobs/Technical Jobs (75.8%) was of highest importance for Service Sector Enterprises with respect to their assessment of investment attractiveness of a location decisions under the Skilled Workforce Availability factor. The aforementioned factors were followed in importance by the Labor Regulations and Compliance Burden (67.7%) sub-factor, while Labor Union Influence (39.5%) was observed to be the least importance sub-factor.

During personal interviews with investors, issues related to substandard training quality in educational and skilling institutions was highlighted as a key concern area. The investors suggested that to address the issue there is an urgent need to incentivize industry and the private sector to actively participate and invest in skilling programs. Incentives suggested by investors included grants, subsidies, tax concessions, low-cost funding support, support for creation of infrastructure etc. The recently announced Prime Minister Internship Scheme which aims to provide 12-month internship opportunities to 10 million youth in India's top 500 companies was widely appreciated by investors in one-on-one discussions and it was suggested that the scheme should be expanded further by different State Governments.





Key Finding

#13

Quality of Road Infrastructure and Accessibility and Last Mile Connectivity of the Road Infrastructure were identified as the most important considerations under Logistics & Connectivity Infrastructure Factor in the Assessment of Investment Attractiveness of a Location.

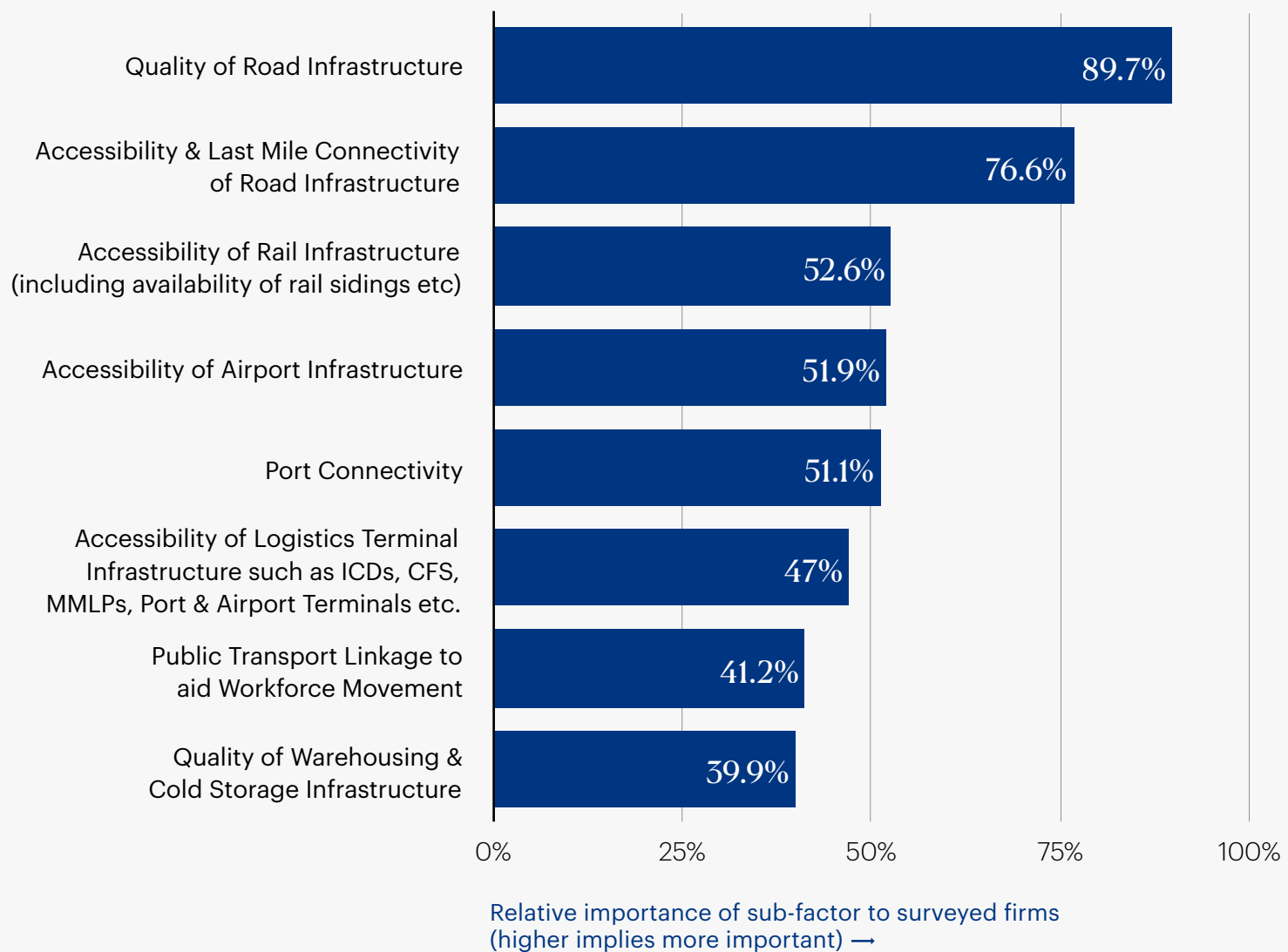


Under the Logistics and Connectivity Infrastructure factor, the Quality of Road Infrastructure (89.7%) (in terms of road condition, capacity, level of congestion etc.) was identified as clearly the most important considerations for businesses with respect to assessment of investment attractiveness of a location decisions.

This was followed by the Accessibility and Last Mile Connectivity of Road Infrastructure (76.6%), the second most important consideration.

Fig. 14 | Logistics & Connectivity Infrastructure: Overall

Ranking of Relative Importance of Different Sub-Factors under Logistics & Connectivity Infrastructure in Assessment of Investment Attractiveness of a Location





Key Finding #13 (contd.)

During personal interviews with investors it was highlighted that India's logistics infrastructure, grapples with critical challenges like large dependency on road transport (>60%), capacity shortages, subpar quality, and congestion impacting costs, creating delays and thereby leading to diminished competitiveness.

It was also highlighted that though India has shown remarkable progress in enhancing its infrastructure capacity in recent years, there is still a lot more that needs to be done as India's infrastructure-spending-to-GDP-ratio remains at approx. 3.2%, much lesser than other developing Asian countries which invest more than 5% of their GDP to meet the infrastructure requirements.

Investor Speak

"To remain globally competitive, there is a need to improve logistics infrastructure and reduce logistics costs considerably. Logistics costs in India are in the range of 13-14% of GDP, as against the global benchmark of 8%, placing a considerable burden on businesses. There is a need to address this issue through improving the quality of trade and transport-related infrastructure such as roads, rail, ports, creation of multi-modal logistic hubs, incentives by the government, reduced dependence on road transport, enhanced use of technology and greater efficiency in the clearance process by border control agencies, including customs. Though the Govt. of India has recognized these issues, and a number of actions have been undertaken by it to boost the logistics infrastructure of the country, more needs to be done to address issues with regard to project approval delays, project financing and limited private sector involvement."



**Capt.
Ashwani Nayar**

Deputy CEO

**Hind Terminals
Pvt. Ltd.**



Key Finding

#14

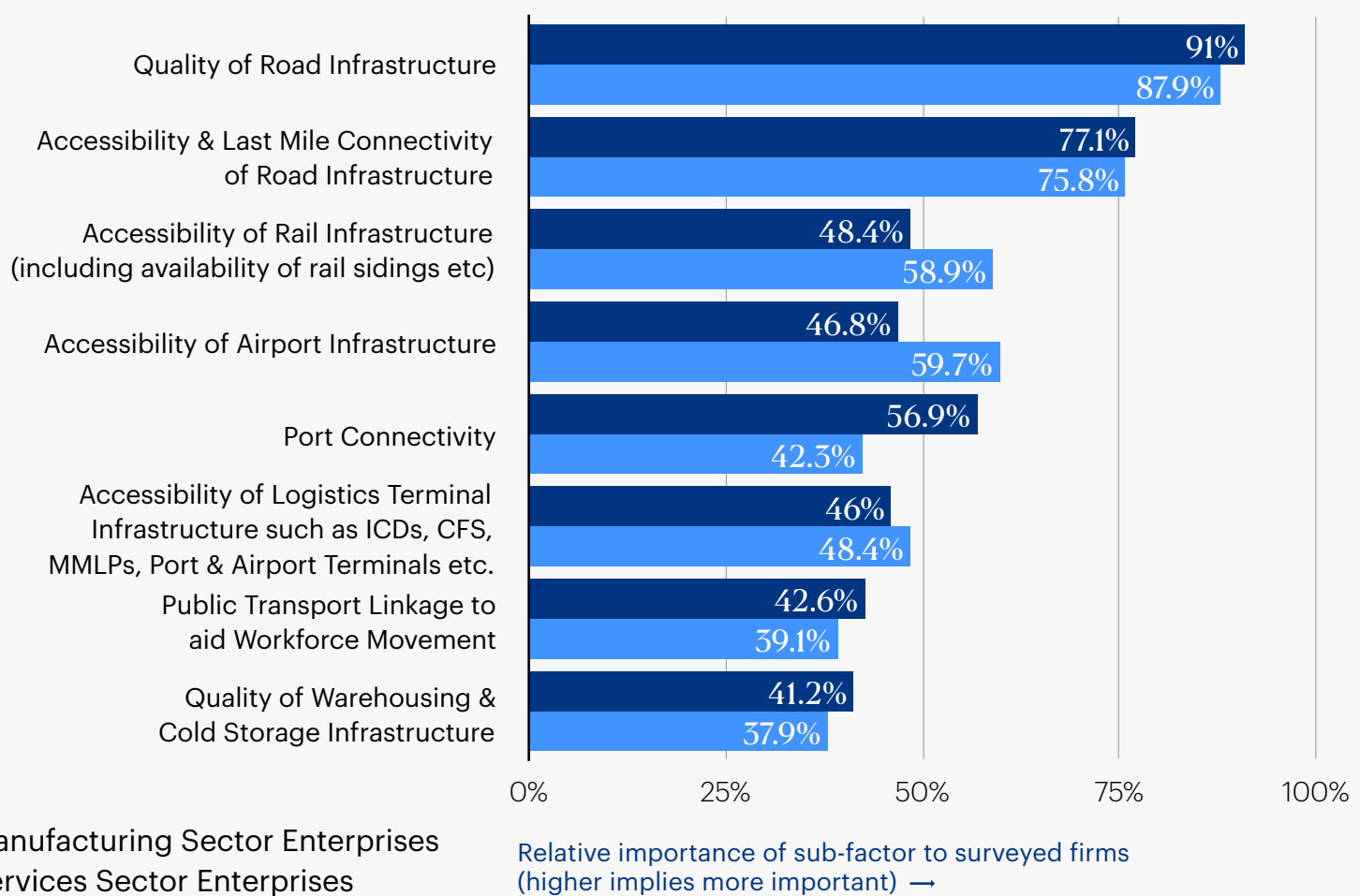
Under Logistics & Connectivity Infrastructure factor, the relative importance of the different sub-factors varies for Manufacturing and Service Sector Enterprises. **Port Connectivity** was observed to be a significant consideration for Manufacturing Enterprises, while **Accessibility of Airport Infrastructure** was more significant for Service Sector Enterprises.



A variance has been observed between the factors considered as most important (after quality of road infrastructure and accessibility and last mile connectivity of road infrastructure) under the Logistics & Connectivity Infrastructure Pillar by Manufacturing and Service sector firms.

For example, Port Connectivity (56.9%) was observed to be of 3rd highest importance for Manufacturing Sector Enterprises followed by the Accessibility of Rail Infrastructure (48.4%). On the other hand, for the Service Sector Enterprises, the Accessibility of Airport Infrastructure (59.7%) was given the 3rd highest importance.

Fig. 15 | Logistics & Connectivity Infrastructure: Manufacturing vs Service Sector
 Ranking of Relative Importance of Different Sub-Factors under Logistics & Connectivity Infrastructure in Assessment of Investment Attractiveness of a Location





Key Finding

#15

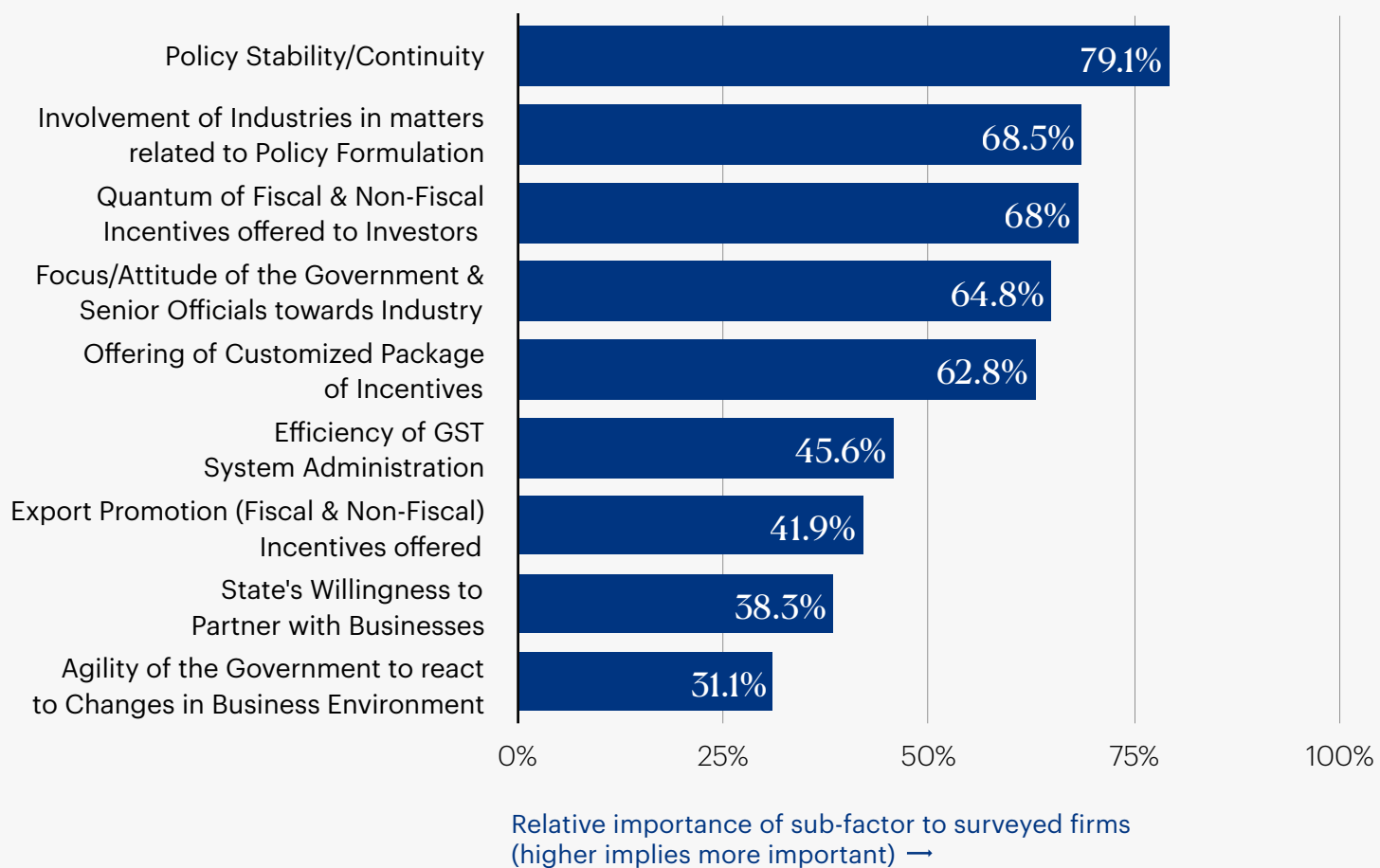
Under the Policy Stability, Government Initiatives & Industry Engagement factor, Policy Continuity/Stability was identified as a key consideration factor.



Under the Policy Stability, Govt. Initiatives and Industry Engagement Factor, Policy Stability/Continuity (79.1%) was clearly rated as the most important sub-factor. This was followed by the sub-factors Involvement of industries in matters of policy formulation (68.5%), Quantum of fiscal & non-fiscal incentives offered to investors (68%), Focus/Attitude of the government and senior officials towards industry (64.8%) and offering of customized package of incentives to attract investment (62.8%).

During personal interviews with investors, it was highlighted that uncertainty in the political and policy environment impacts investor confidence and inhibits long term planning, investments and commitments. It was highlighted by investors that States which adopt a more balanced and long-term approach to policy formulation and involve industries in policy formulation decisions are much more attractive to investors as this reduces inherent risks related to policy level instability for investors.

Fig. 16 | Policy Stability, Govt. Initiatives & Engagement with Industry: Overall Ranking of Relative Importance of Different Sub-Factors under Policy Stability, Govt. Initiatives & Industry Engagement in Assessment of Investment Attractiveness of a Location





Key Finding

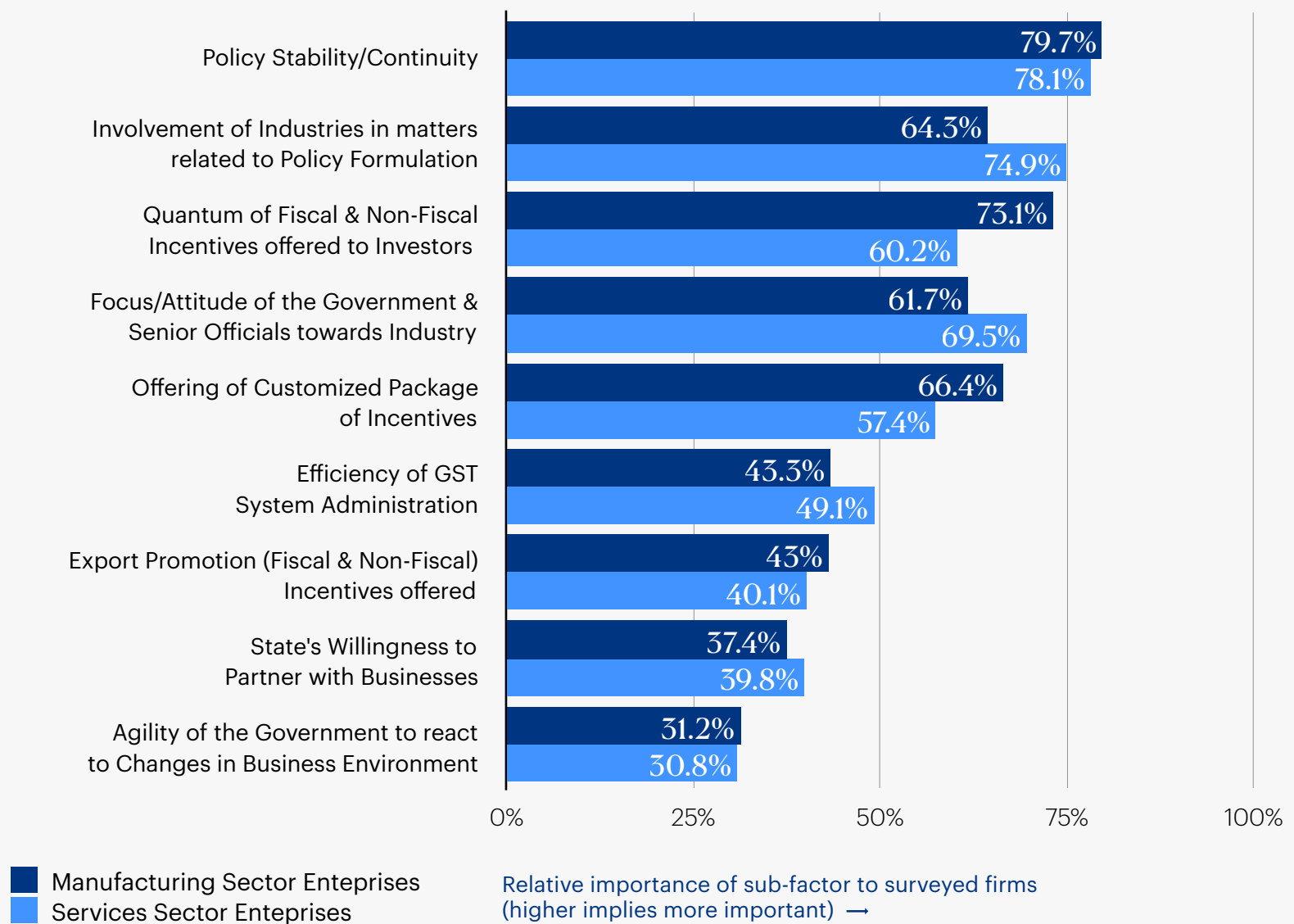
#16

Under Policy Stability, Government Initiatives and Engagement with Industry, the relative importance of different sub-factors varies for Manufacturing & Services Sector Enterprises. While **Quantum of Fiscal & Non-Fiscal Incentives offered** was of high significance for Manufacturing enterprises, **Involvement of Industries in matters of Policy Formulation and Focus and Attitude of Govt. & Senior Officials towards industry** was of much higher significance to Service Enterprises.



Fig. 17 | Policy Stability, Govt. Initiatives & Engagement with Industry: Manufacturing vs Service Sector Enterprise

Ranking of Relative Importance of Different Sub-Factors under Cost of Doing Business in Assessment of Investment Attractiveness of a Location





Key Finding #16 (contd.)

For both Manufacturing and Service Sector Enterprises, Policy Stability/Continuity was clearly rated as the most important sub-factor under the Policy Stability, Govt. Initiatives and Industry Engagement Factor.

However, for Manufacturing Sector Enterprises, the Quantum of fiscal & non-fiscal incentives (73.1%) offered to investors was observed to be the second most important sub-factor, followed by the Offering of customized package of incentives (66.4%) to attract investment in 3rd position.

On the other hand, for Service Sector Enterprises it was observed that the sub-factor Involvement of industries in matters of policy formulation (74.9%) was of second highest importance, followed by Focus/ Attitude of the government and senior officials towards industry (69.5%).

Investor Speak

A long-term horizon for policy formulation, creation of a strong manufacturing ecosystem and targeted fiscal and non-fiscal incentives can make India a Global Hub for Toys and realise the Hon'ble Prime Minister's Vision of Make in India for the World. The toy sector is highly labour intensive and dominated largely by MSMEs.

Government support for establishing common infrastructure and clusters, skill development and innovation can play a key role in enhancing quality standards, reducing import dependence, and enhancing exports.



Mr. Manu Gupta

Chairperson,
Playgro Toys India Pvt. Ltd.

Chairman,
Toy Association of India



Key Finding

#17

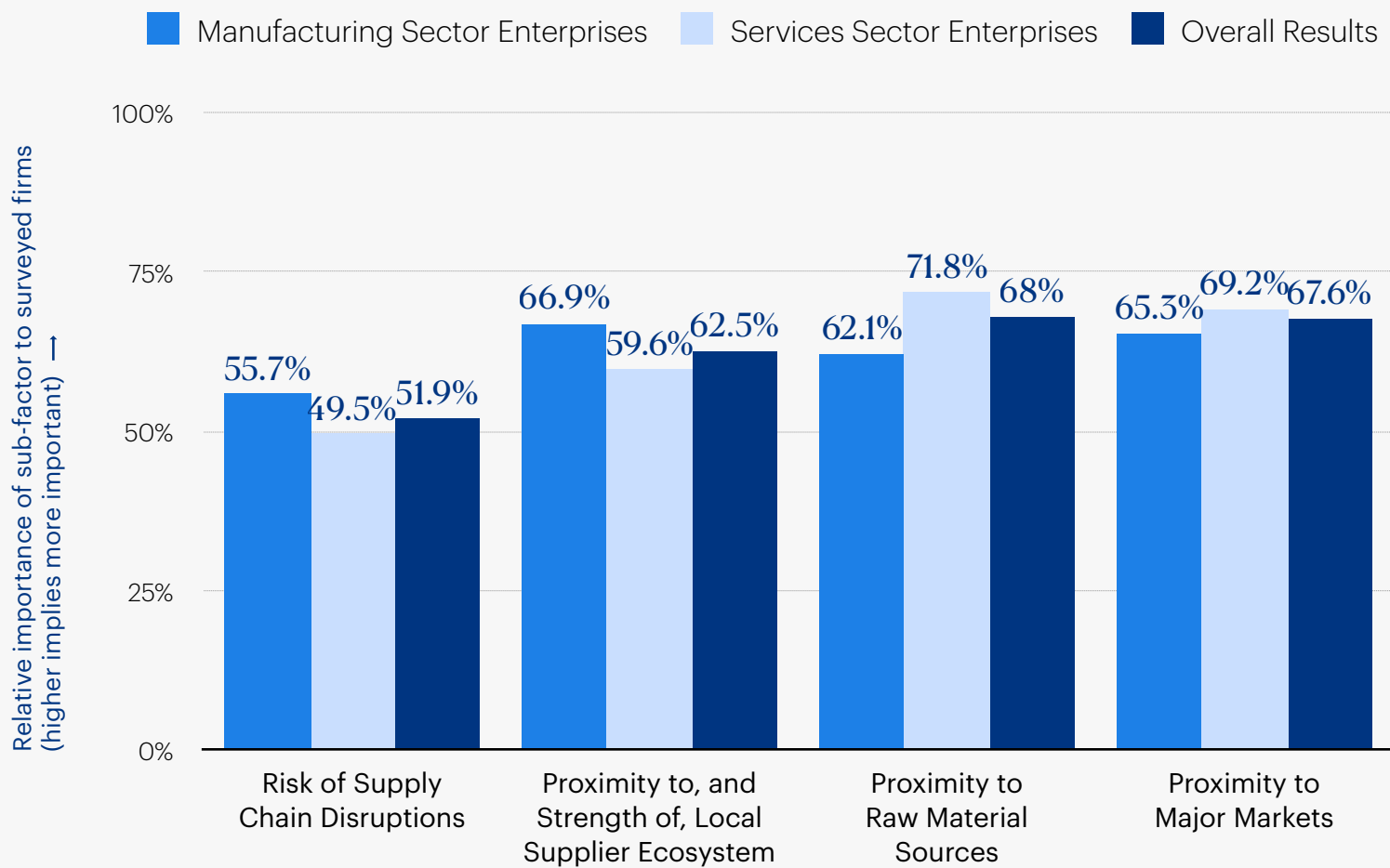
Under the Supply Chain & Market Proximity factor, Proximity to Raw Material Sources and Proximity to Major Markets were found to be the most significant considerations during the Assessment of Investment Attractiveness of a Location.



Under the Supply Chain and Market Proximity factor, the Proximity to Raw Material Sources (68%) and Proximity to Major Markets (67.6%) were rated as the most important sub-factors. This was followed by Proximity to and Strength of the Local Supplier Ecosystem (62.5%). Risk of Supply Chain Disruptions (51.9%) was rated as least important in investment decisions. For Manufacturing Sector Enterprises, Proximity to Raw Material Sources (71.8%) was of highest importance, followed by Proximity to Major Markets (69.2%), while for Service Sector Enterprises, Proximity to and Strength of the Local Supplier Ecosystem (66.9%) was of highest importance, closely followed by the Proximity to Major Markets (65.3%).

Fig. 18 | Supply Chain & Market Proximity: Manufacturing vs Services Sector Enterprises vs Overall

Ranking of Relative Importance of Different Sub-Factors under Supply Chain & Market Proximity in Assessment of Investment Attractiveness of a Location





Key Finding

#18

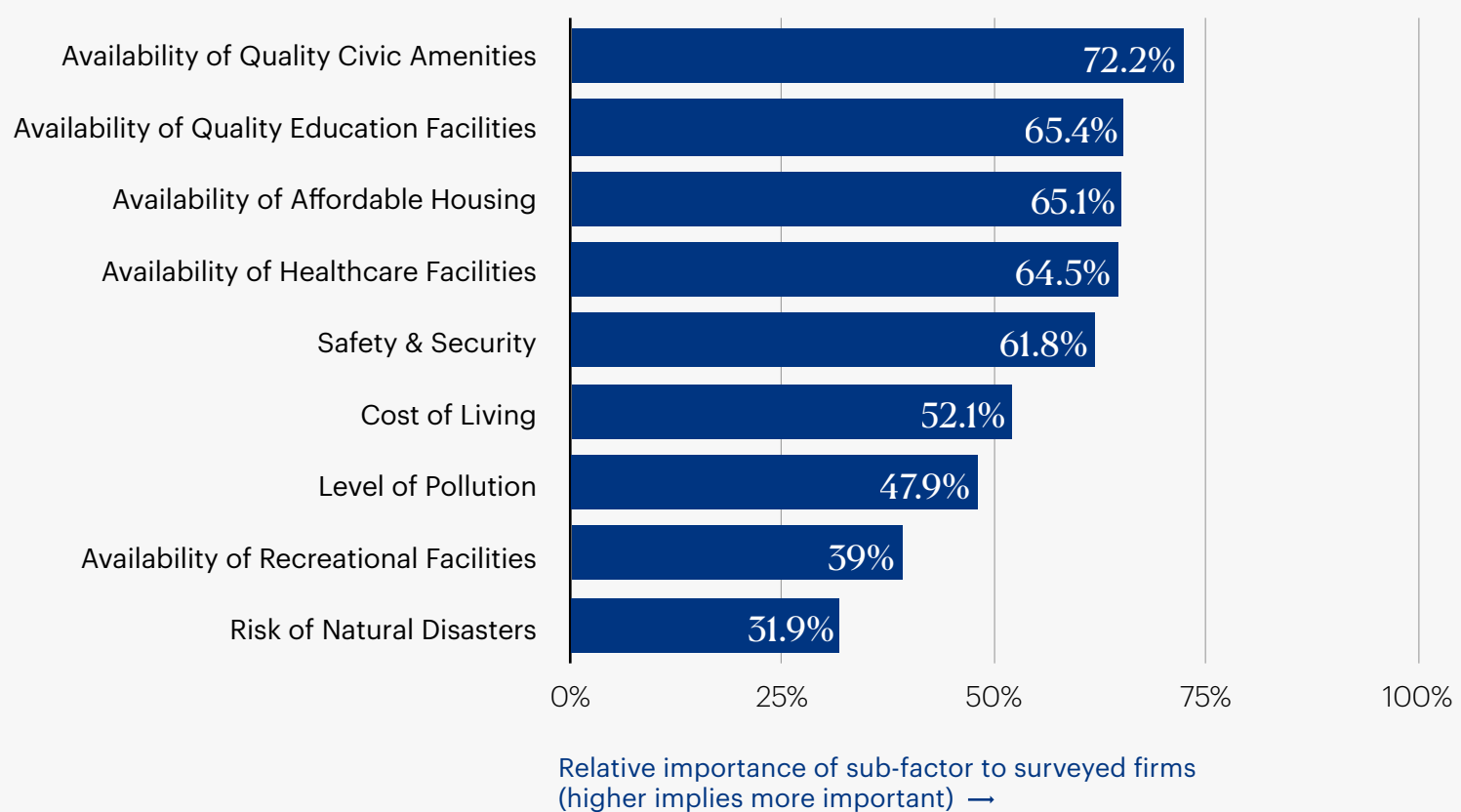
Under the Ease of Living factor, Availability of Civic Amenities, Quality Education, Affordable Housing, Healthcare Facilities, and Safety and Security were considered as the most critical for firms across sectors & sizes in Assessment of Investment Attractiveness of a Location.



The Availability of Quality Civic Amenities with an overall score of 72.2% was observed to be the most important subfactor pertaining to investment attractiveness of a location under the Ease of Living factor. This was followed by Availability of Quality Education Facilities (65.4%), Availability of Affordable Housing (65.1%), Availability of Healthcare Facilities (64.5%) and Safety and Security (61.8%). Cost of Living (52.1%), Availability of Recreational Facilities (39.0%) and Risk of Natural Disasters (31.9%) were considered as the least significant factors in investment decisions.

Fig. 19 | Ease of Living & Social Infrastructure: Overall

Ranking of Relative Importance of Different Sub-Factors under Ease of Living & Social Infrastructure in Assessment of Investment Attractiveness of a Location





Key Finding #18 (contd.)

Investor Speak

"For any business to thrive, the quality of life matters just as much as the ease of doing business. Talent today looks beyond just job opportunities - they want good schools for their kids, reliable civic amenities, quality health infrastructure and affordable housing. Unfortunately, in many cities, these basic factors are either too expensive or need to be ramped up further. While efforts are being made, there's still a long way to go in terms of proper urban planning and execution. If we want to attract and retain the best talent, improving the overall ease of living has to be a priority, not an afterthought."

- Leading Global Cloud Computing Company





Key Finding

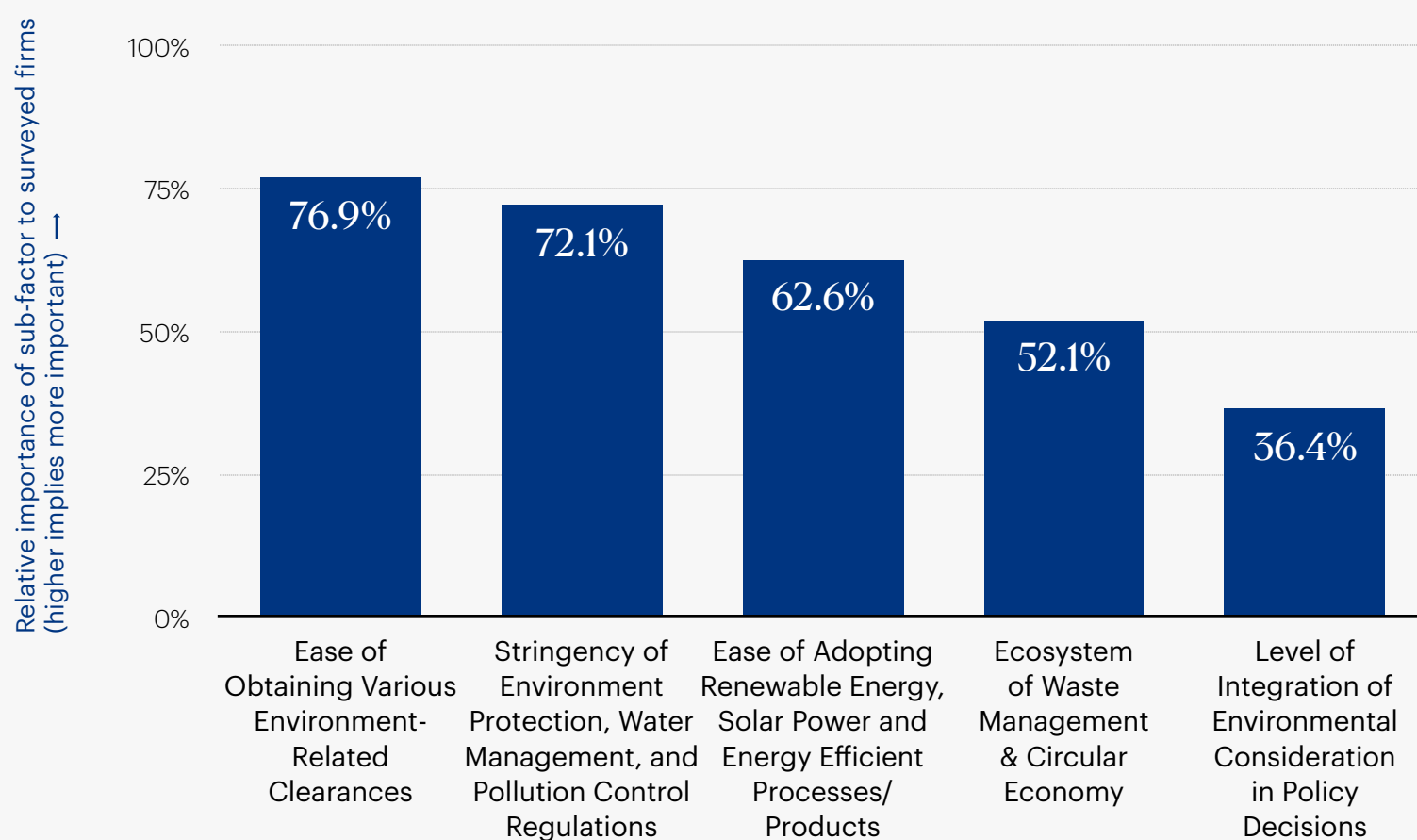
#19

Under the Environment & Sustainability Focus of the Government factor, Ease of Obtaining Environment-related Clearances and the Stringency of Environment Protection, Water Management & Pollution Control Regulations emerged as the most important considerations.



The Ease of obtaining various environment related clearances (overall score of 76.9%) and Stringency of environment protection, water management and pollution control regulations (overall score of 72.1%) were rated as the two most important sub-factors under the Environment and Sustainability Focus Factor. This was followed by the Ease of adopting renewable energy, solar power and energy efficient processes/products with an overall score of 62.6%. Waste Management and Circular Economy Ecosystem (52.1%) and Integration of Environmental Considerations in Policy Decisions (36.4%) were considered as the least significant factors in investment decisions.

Fig. 20 | Environment & Sustainability Focus of the Government: Overall
 Ranking of Relative Importance of Different Sub-Factors under Environment & Sustainability Focus of Government in Assessment of Investment Attractiveness of a Location





04

Conclusion

The Road Ahead



The journey to enhance India's investment attractiveness is a multifaceted endeavour that requires a broader and more nuanced approach beyond the traditional Ease of Doing Business metrics. While significant strides have been made in simplifying regulatory frameworks and improving rankings, the weak real-world correlation with sustained investment inflows highlights the need for a more holistic evaluation framework.

PRISM - Primus Regional Investment Suitability Matrix, developed by Primus Partners and presented in this report, provides a holistic and comprehensive lens to evaluate the investment readiness and attractiveness of regions. By integrating 9 key factors and 64 sub-factors across Cost of Doing Business, Ease of Doing Business, Speed of Doing Business and Ease of Living, it captures the diverse priorities of investors across sectors, sizes and geographies.

PRISM is a forward-looking tool which can serve as a guide for Governments to evaluate and enhance their regions' competitiveness by addressing critical factors that influence investor decisions. PRISM's multi-dimensional and data-driven approach allows governments to identify bottlenecks, address gaps, and implement targeted interventions. What sets PRISM apart is its adaptability. It is not a one-size-fits-all framework but a customizable solution that allows Governments to tailor it to their unique economic contexts and developmental goals.

The road ahead demands a collaborative effort from stakeholders—government, industry, and society—to create an environment that not only attracts capital but also promotes innovation, inclusivity, and resilience. With PRISM as a guiding framework, India can unlock its full economic potential and achieve the ambitious goals of the 'Make in India' initiative and a 'Viksit Bharat'.





Appendix I

Details of Survey Respondents



Key Details of Investors Surveyed

Fig. 21 | **Scale of Business** of Respondents

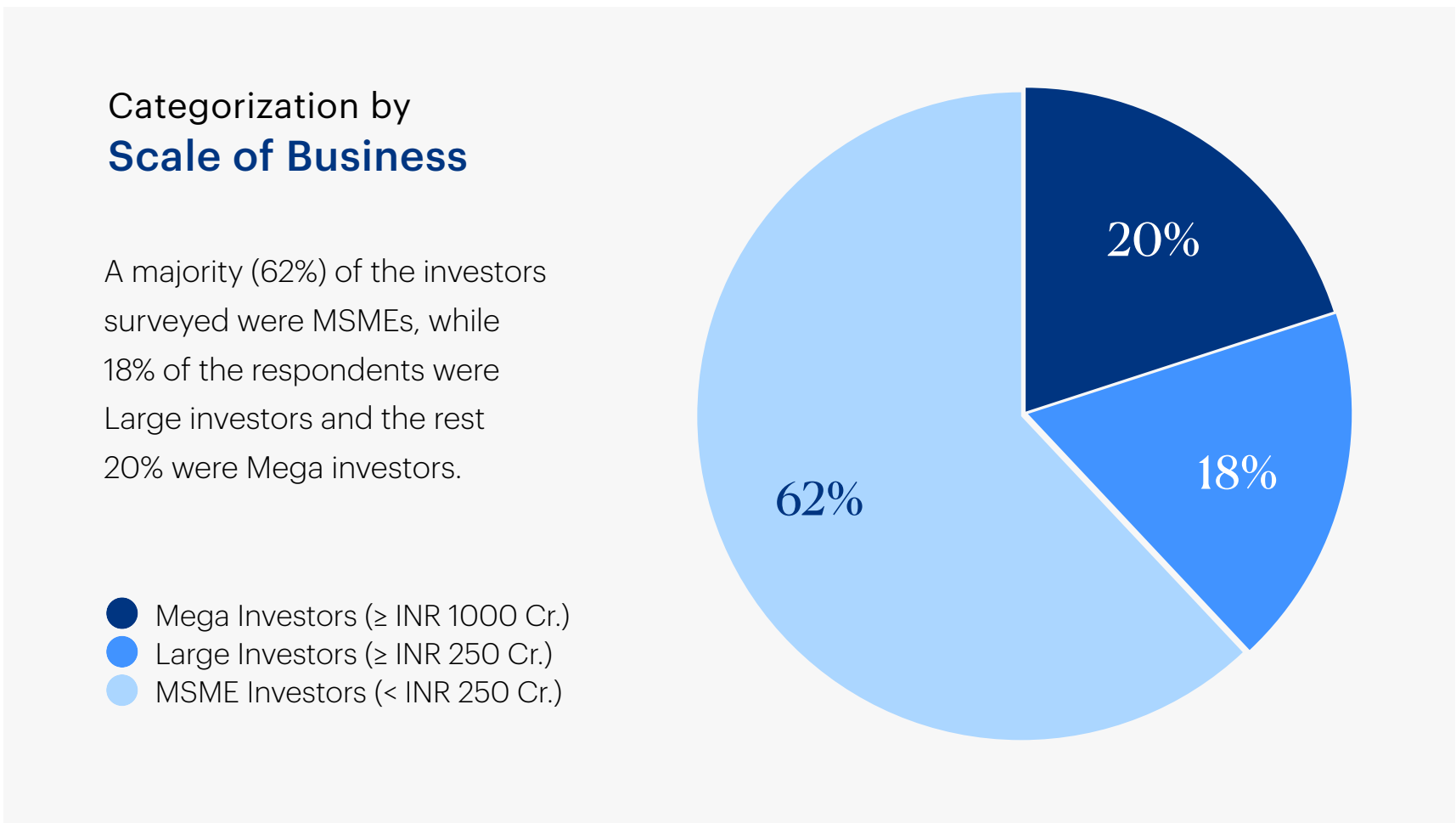


Fig. 22 | **Types of Legal Entities** of Respondents

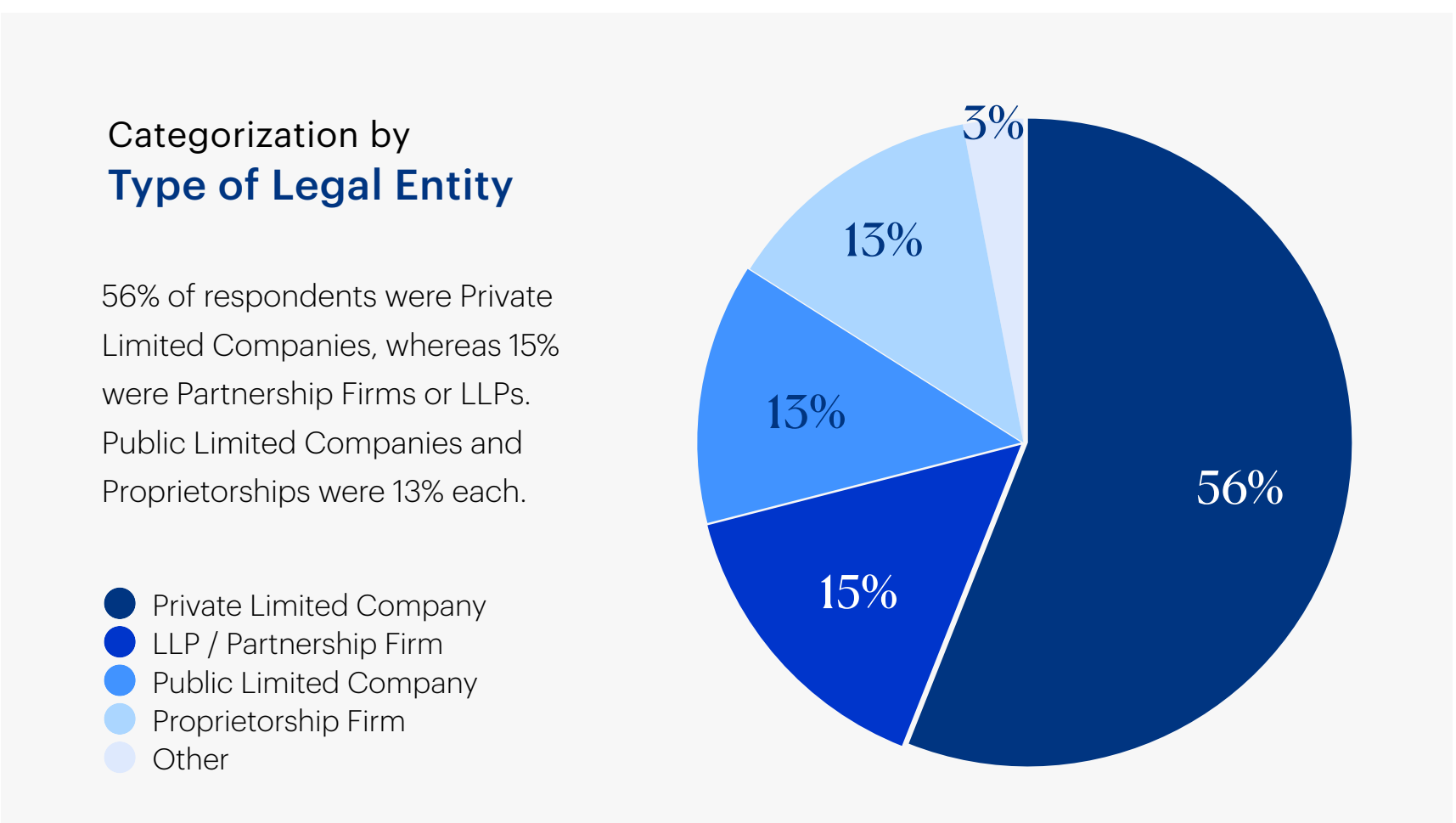




Fig. 23 | Types of Enterprises of Respondents

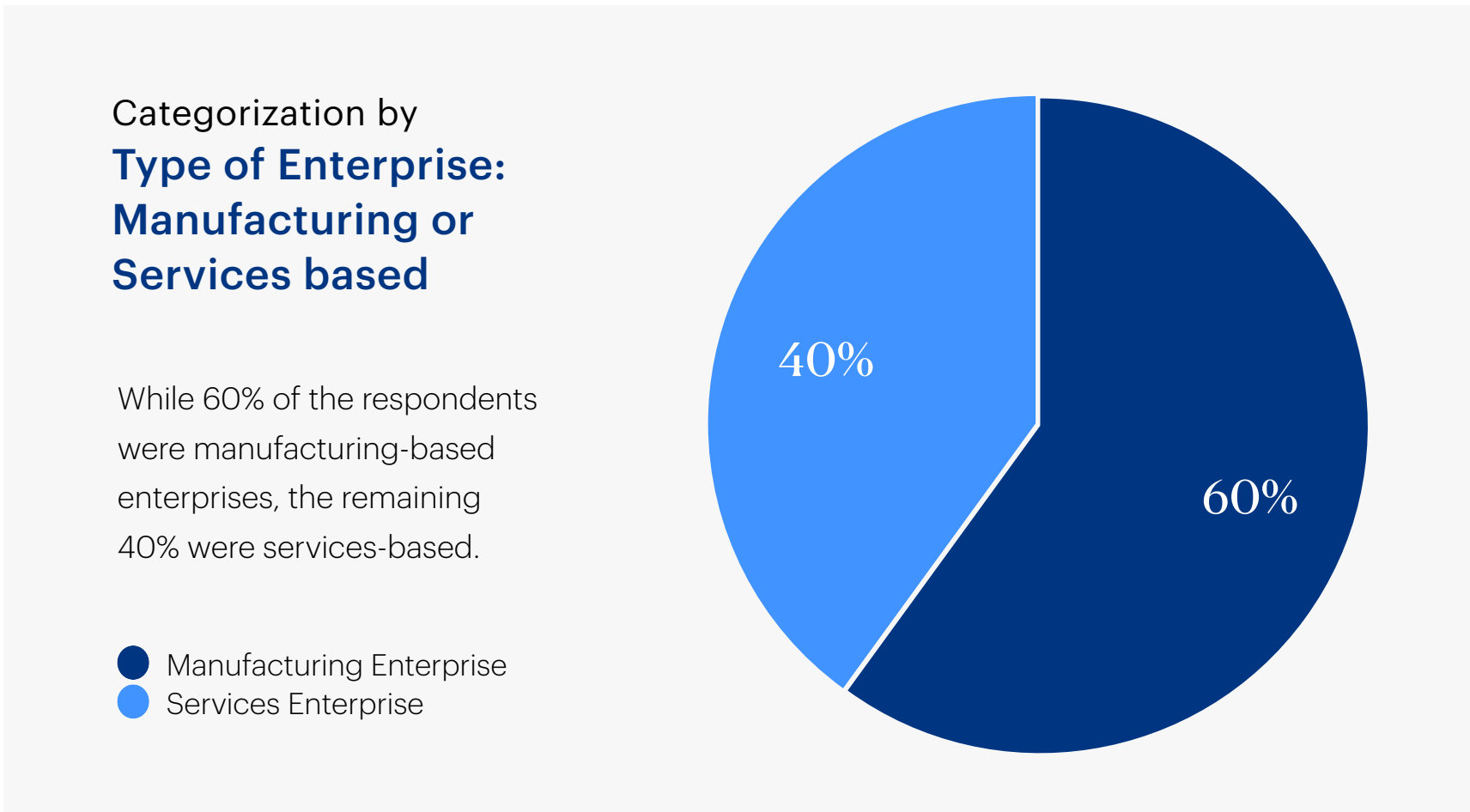


Fig. 24 | Region-wise Classification of Respondents

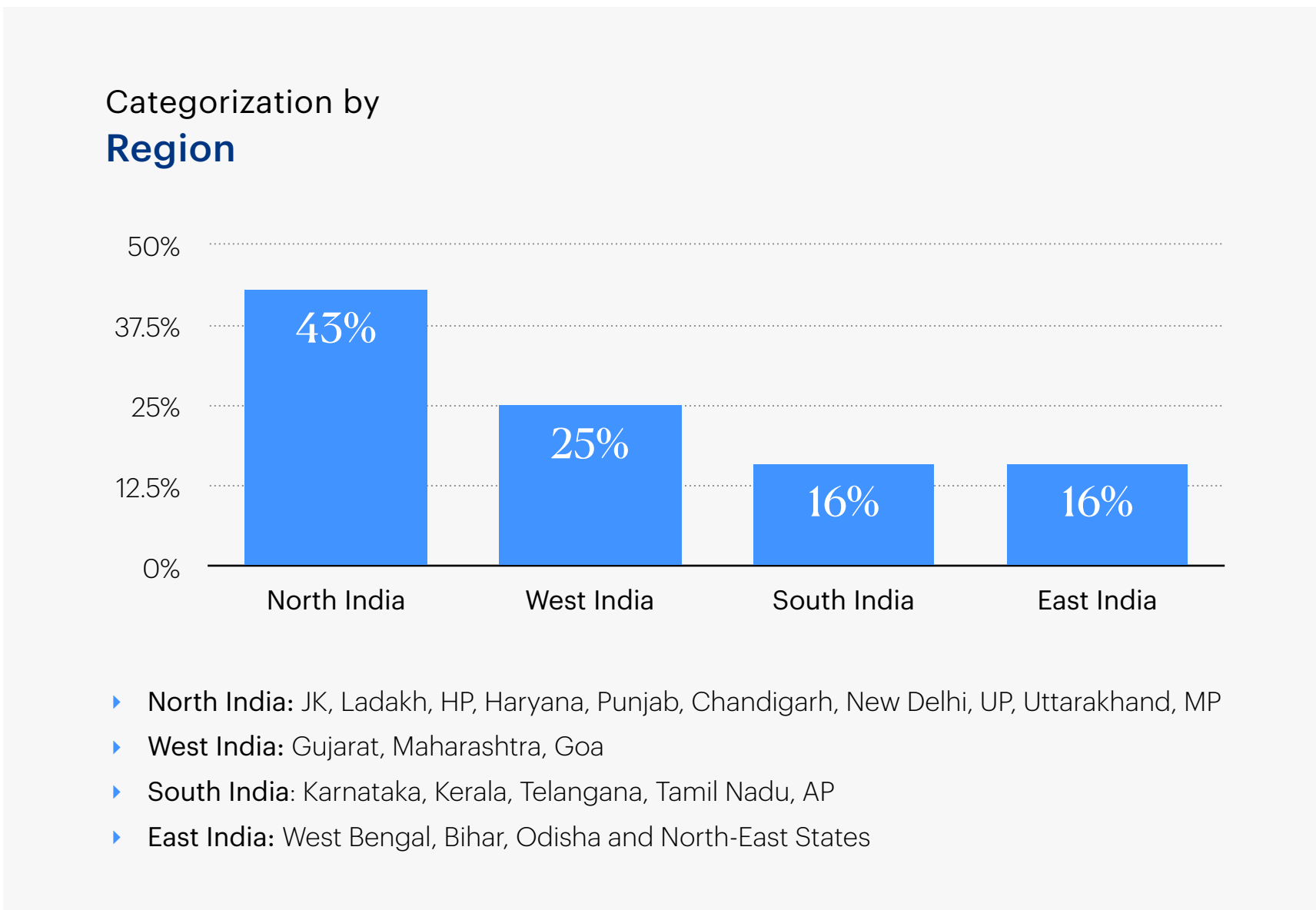
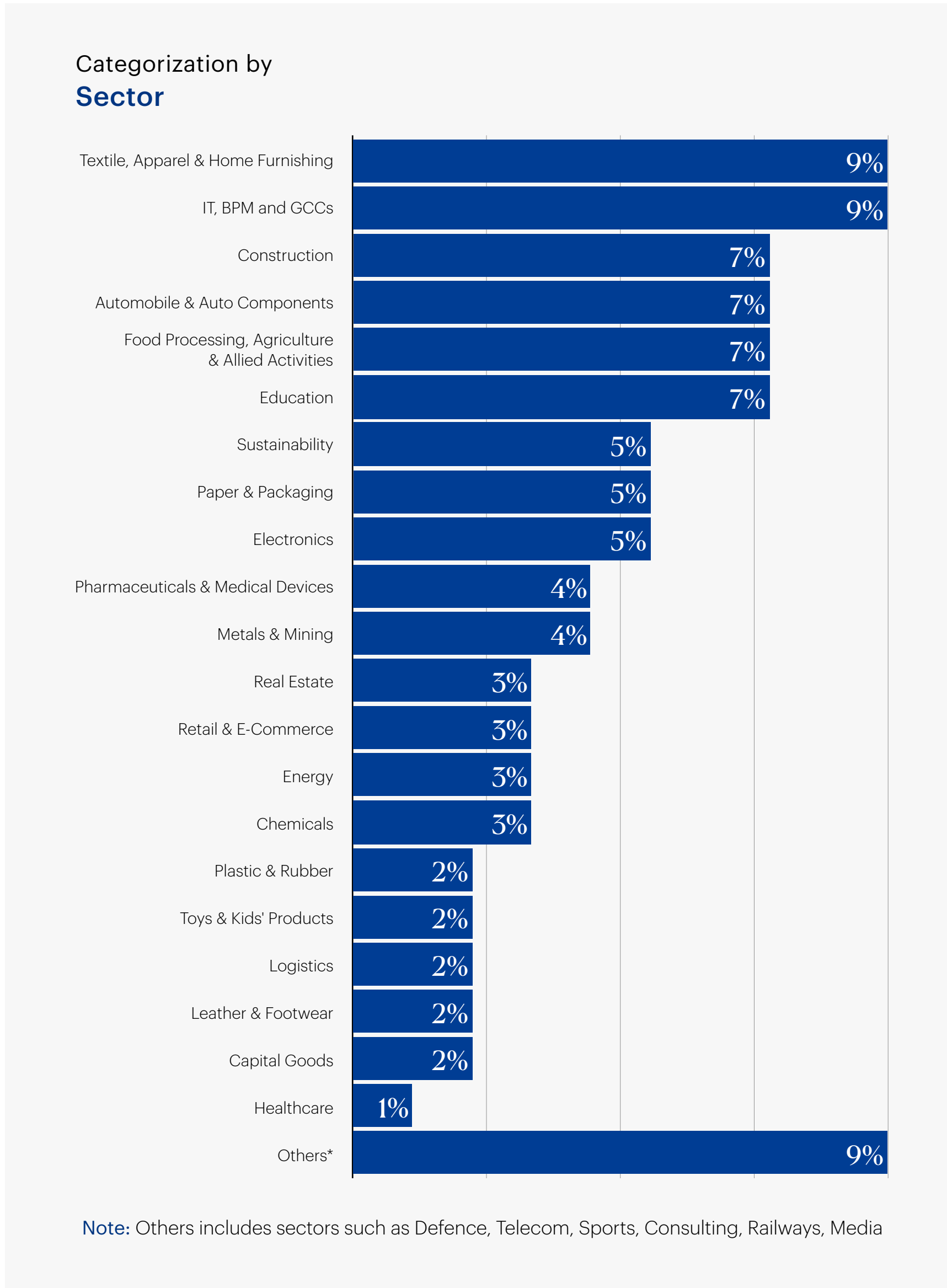




Fig. 25 | Sector-wise Classification of Respondents



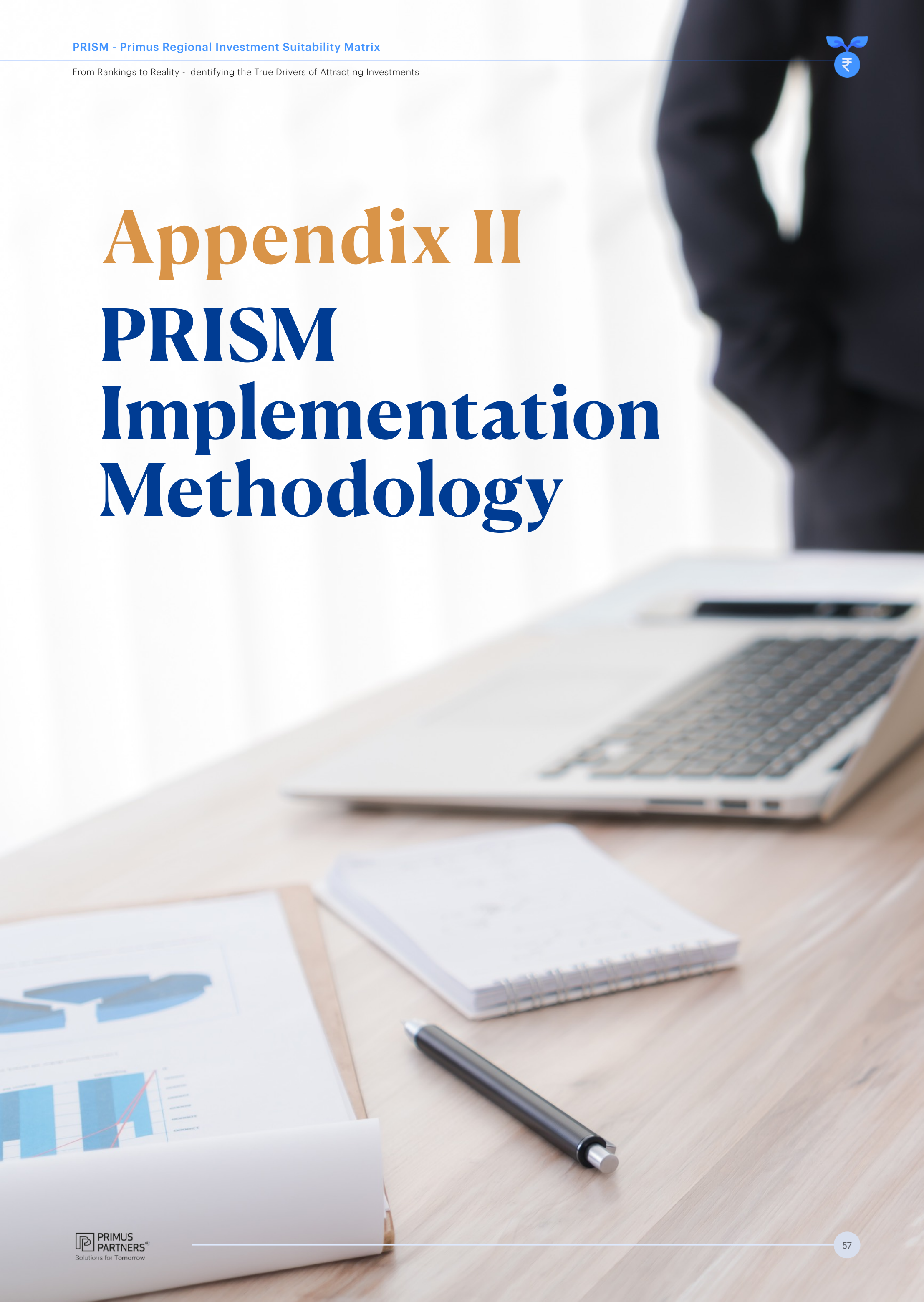


Appendix II

PRISM

Implementation

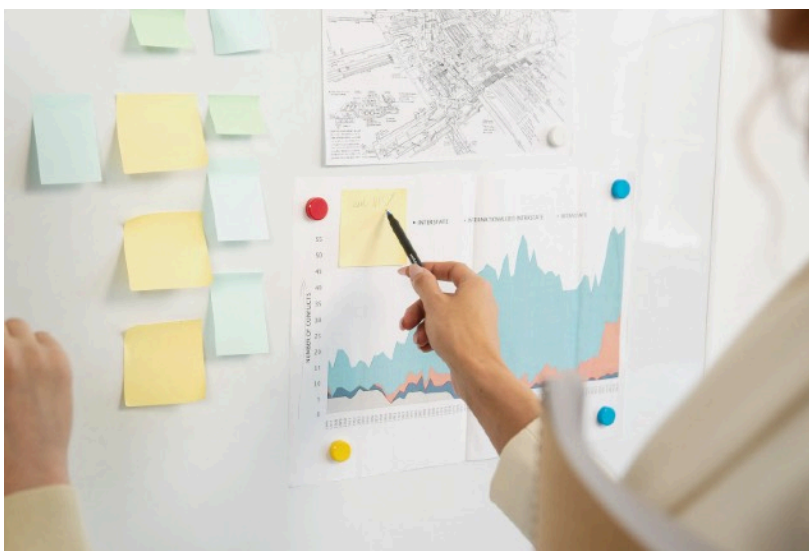
Methodology





The foundation of PRISM lies in the accuracy, reliability, and depth of data collected, making the data collection mechanism a crucial determinant of its success. A robust methodology will ensure that insights reflect the real-world investment landscape rather than theoretical assumptions.

To ensure a robust data collection mechanism, it is proposed that a centralized body or task force at the National Level (for assessment of States) or at the State Level (for assessment of districts) be set up to coordinate the implementation of this initiative and a two-pronged data collection methodology incorporating both expert committee evaluations and enterprise-level feedback be used to ensure that the index captures a holistic perspective. This dual approach will not only enhance the credibility of findings but also equip policymakers with actionable intelligence to drive investment-friendly reforms effectively.



The **complementary use of expert committee evaluations and enterprise level feedback surveys is an important innovation that capitalizes on the synergies between the two data collection modes** and represents a significant increase in the data available to policy makers, development practitioners, and researchers.

The details of the two-pronged data collection methodology is as shown below:

Expert Committee Evaluation

Under this, regions can be evaluated by a committee of experts, across the 9 key factors of the Index. The experts contributing to the data collection process shall be selected through a rigorous selection process which shall include the initial identification of the relevant experts by the central body constituted to coordinate the PRISM evaluation exercise, distribution of screening questionnaires to the identified experts to determine their level of expertise, and thereafter final selection of three to five qualified expert contributors per factor per region for undertaking the final evaluation exercise.

Enterprise Level Feedback Surveys

Under this section, evaluation shall be conducted basis feedback received from businesses and investors operating in the region. Respondents shall be selected through stratified random sampling to ensure the collection of data from representatives of businesses across sectors of the economy.





List of Figures

Fig. 1	India's Doing Business Rankings over the years	12
Fig. 2	Investment Attractiveness Factors: Overall Results	23
Fig. 3	Overall Results: Manufacturing vs Service Sector Enterprises	24
Fig. 4	Overall Results: Mega vs Large vs MSME Enterprises	25
Fig. 5	Top 3 Investment Attractiveness Factors Across Sectors	26
Fig. 6	Cost of Doing Business: Overall	28
Fig. 7	Cost of Doing Business: Manufacturing vs Service Sector Enterprises	30
Fig. 8	Quality of Industrial Infrastructure: Overall	32
Fig. 9	Quality of Industrial Infrastructure: Manufacturing vs Service Sector Enterprises	33
Fig. 10	Quality of Industrial Infrastructure: Mega vs Large vs MSME Enterprises	35
Fig. 11	Ease of Regulatory Compliance: Overall	36
Fig. 12	Ease of Regulatory Compliance: Manufacturing vs Service Sector Enterprises	38
Fig. 13	Skilled Workforce Availability: Manufacturing vs Service Sector Enterprises vs Overall	39
Fig. 14	Logistics & Connectivity Infrastructure: Overall	41
Fig. 15	Logistics & Connectivity Infrastructure: Manufacturing vs Service Sector Enterprises	43
Fig. 16	Policy Stability, Government Initiatives & Engagement with Industry: Overall	44
Fig. 17	Policy Stability, Government Initiatives & Engagement with Industry: Manufacturing vs Service Sector Enterprises	45
Fig. 18	Supply Chain & Market Proximity: Overall	47
Fig. 19	Ease of Living & Social Infrastructure: Overall	48
Fig. 20	Environment & Sustainability Focus of the Government: Overall	50
Fig. 21	Type of Legal Entities of Respondents	54
Fig. 22	Scale of Business of Respondents	54
Fig. 23	Type of Enterprise of Respondents	55
Fig. 24	Region-wise Classification of Respondents	55
Fig. 25	Sector-wise Classification of Respondents	56



Abbreviations

PRISM	Primus Regional Investment Suitability Matrix
EoDB	Ease of Doing Business
BRAP	Business Reform Action Plan
DPIIT	Department for Promotion of Industry and Internal Trade
RBI	Reserve Bank of India
FDI	Foreign Direct Investment
MSME	Micro, Small & Medium Enterprises
ICT	Information and Communication Technology
PLI	Production Linked Incentive
GCC	Global Capability Centers
ITeS	Information Technology Enabled Services
B-Ready	Business Ready Index (by World Bank)
GST	Goods and Services Tax
ICD	Inland Container Depot
CFS	Container Freight Station
MMLP	Multi-Modal Logistics Park
IPO	Initial Public Offering
FPO	Follow-on Public Offering
FCCB	Foreign Currency Convertible Bonds
RDB	Rupee Denominated Bonds
ECB	External Commercial Borrowings



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