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Investment Friendliness Index 2026: Gujarat Sets the Benchmark for Investment Competitiveness

Key Insights and Policy Implications

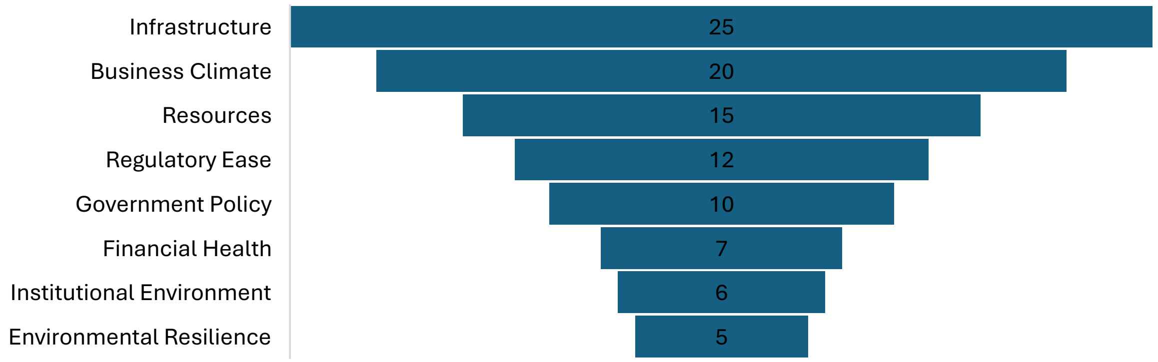
NITI Aayog has launched India's first Investment Friendliness Index (IFI) 2026, a framework that measures how attractive each state and Union Territory is for investment. The Index evaluates 36 States and UTs using 84 indicators across eight pillars. Rather than being just a ranking exercise, the Index is designed to help states identify strengths, address gaps and continuously improve their investment ecosystem.

- Among the 17 large states, Gujarat emerged as the top performer, followed by Maharashtra, Tamil Nadu and Odisha.
- This places Gujarat as India's leading investment destination, supported by strong infrastructure, industrial development and sound governance.
- No state crossed the 60-point mark, indicating that there is still considerable scope for improving India's investment environment.
- Among hilly and North-Eastern states, Uttarakhand led with a score of 47.5, ahead of Assam and Himachal Pradesh. Among city states and Union Territories, Goa led with 53.1, ahead of Delhi and Chandigarh.

The Framework

The Investment Friendliness Index brings several factors together into a single framework. It helps governments understand where they perform well and where reforms are still needed. For investors, it provides an objective comparison of investment conditions across states. Figure 1 gives the broad framework of the index.

Figure 1: Framework of the Investment Friendliness Index

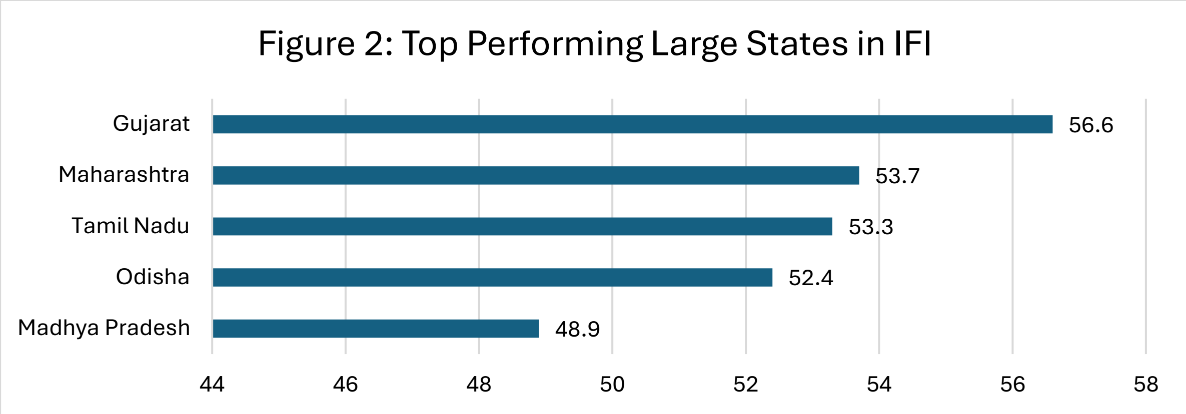


Source: NITI Aayog Investment Friendliness Index Report July 2026

Note: Infrastructure and business climate together account for 45% of the total score, highlighting their importance in attracting investment.

Performance across Geographical Categories

Gujarat secured the highest overall score among India's large states, followed by Maharashtra, Tamil Nadu, Odisha and Madhya Pradesh.



Source: NITI Aayog Investment Friendliness Index Report July 2026

Note: Even the best-performing state scored only 56.6 out of 100. This means that investment competitiveness is an ongoing process and every state still has room to improve.

Factors behind good performance

Gujarat's performance reflects years of consistent investment in industrial development rather than short-term policy initiatives.

The state performed particularly well because of:

- Strong transport and logistics infrastructure
- Efficient ports and connectivity
- Reliable electricity supply
- Well-developed manufacturing clusters
- Sound financial management
- Stable industrial policies

The report identifies **Infrastructure** as Gujarat's biggest strength. Efficient ports and dependable power supply have helped reduce logistics costs and improve the ease of doing business. Gujarat also performs well on financial health, reflecting its ability to support long-term infrastructure and industrial investment.

Different states lead in different pillars

Table 1. Best Performing States Across the Eight Pillars of the Investment Friendliness Index

Pillar	Large States	Hilly & North-Eastern States	City States & UTs
Infrastructure	Gujarat	Himachal Pradesh	Chandigarh
Business Climate	Maharashtra	Sikkim	Delhi
Resources	Odisha	Himachal Pradesh	Goa
Government Policy	Madhya Pradesh	Assam	Puducherry
Regulatory Ease	Chhattisgarh	Meghalaya	Goa
Institutional Environment	Chhattisgarh	Nagaland	Goa
Financial Health	Gujarat	Uttarakhand	Delhi
Environmental Resilience	Tamil Nadu	Meghalaya	Puducherry

Source: NITI Aayog Investment Friendliness Index Report July 2026

The Index shows that no single state leads across every pillar. Gujarat's overall leadership comes from its balanced performance, particularly in infrastructure and financial health, while other states emerge as leaders in areas such as business climate, regulatory reforms and government policy. This highlights that a competitive investment ecosystem depends on strength across multiple dimensions rather than excellence in one area alone.

Key Insights

The Index provides several important lessons for policymakers.

1. **Infrastructure remains the biggest competitive advantage-** States with better roads, ports, logistics and reliable power continue to attract higher investment.
2. **Governance is equally important-** Investors increasingly value faster approvals, predictable regulations and efficient government services over fiscal incentives alone.
3. **Investment competitiveness requires balanced reforms-** States performing well across multiple pillars consistently rank higher than those relying on only one strength.
4. **There is significant scope for improvement-** Since no state crossed 60 points, investment reforms remain an ongoing priority across the country.