

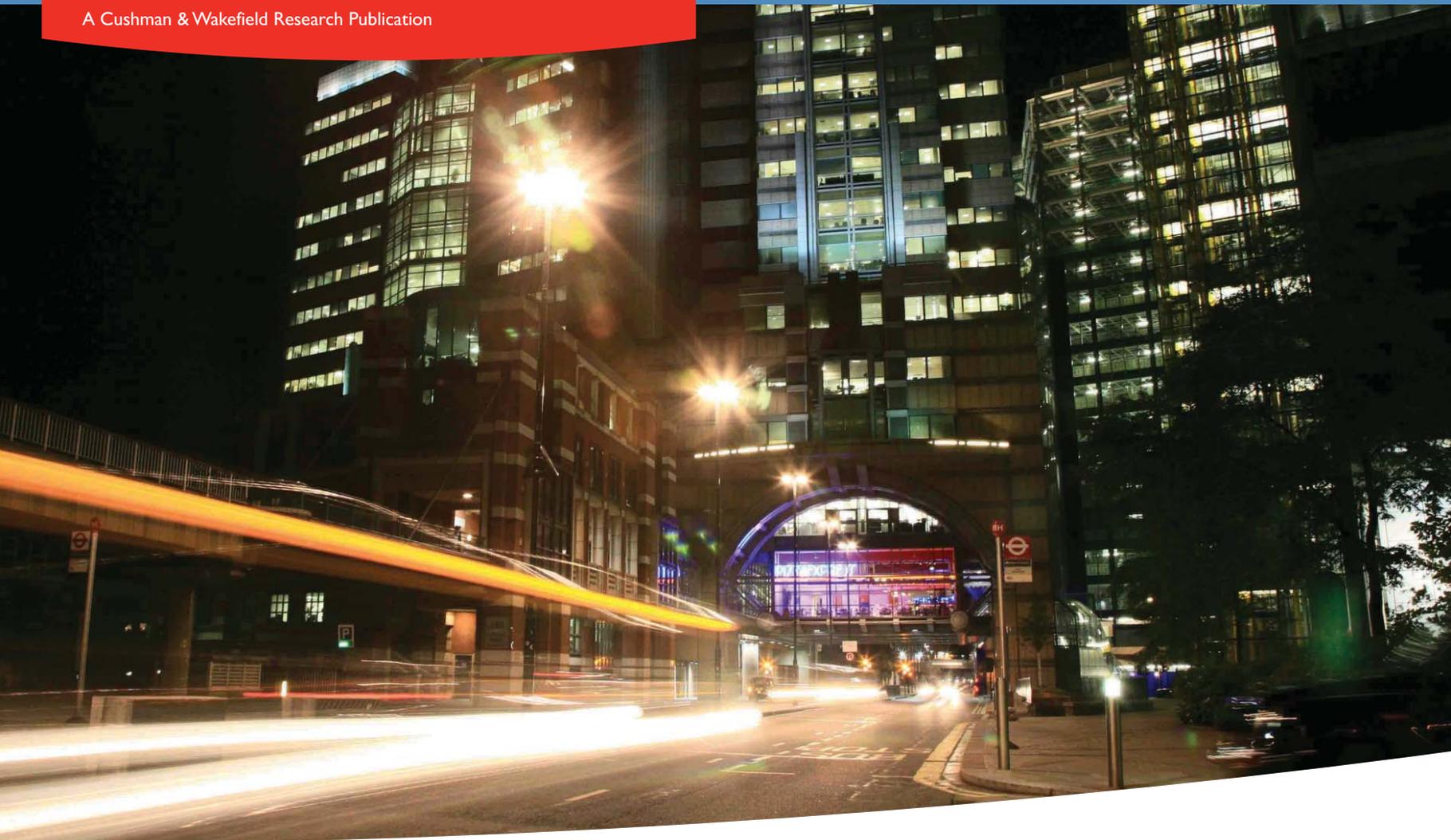
# TOP 10 EMERGING BUSINESS DESTINATION IN INDIA

**GIREM**  
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# Contents

Introduction	1
Ahmedabad	2
Bhubaneswar	4
Chandigarh	6
Coimbatore	8
Indore	10
Jaipur	12
Kochi	14
Nagpur	16
Vadodara	18
Visakhapatnam	20
Conclusion	22

## INTRODUCTION

The Indian economy has undergone substantial changes over the last two decades on account of globalization, sweeping economic reforms, strong growth in domestic and international markets and various other factors. A recent study presented in the American National Standards Institute has suggested that India has taken 16 years to double its per capita GDP, which took the United Kingdom (UK) 200 years and the United States of America (USA) around 50 years. Given the size of the population, this is a remarkable achievement and mostly as a result of the significant growth of the services sector which contributes around 57% of the GDP. The Indian economy has now become a case study for understanding how an economy can bypass the conventional models of economic growth to move from an under-developed / developing economy stage towards a developed economy stage.

The remarkable growth of the Indian economy over the last two decades has been driven by the urban centres. As per the 2011 census, there are 53 urban areas with a population of more than one million each, which have been the centres of economic activities including manufacturing, trading and services. While the larger fraction of the total economic contribution from urban centres in India comes from the top seven cities of Bengaluru, Chennai, Delhi (National Capital Region), Hyderabad, Kolkata, Mumbai and Pune, there are other urban centres that have been demonstrating remarkable economic growth in short to medium terms. The top seven cities have started to saturate and hence many industries catering to both manufacturing and service sectors are considering other cities for expansion and establishing their businesses.

These cities, often referred to as the tier II and III cities, offer a number of attractions for businesses such as talent pool at a lower cost, sizeable and

economical land and real estate options and conducive business environments created by State and local governments. Rapid industrialization and increase in growth of services sector activities has resulted in higher disposable incomes and changing lifestyles of a growing population. These have translated into greater opportunities for companies, developers and investors as they enter new markets. Recently, Government of India (GoI) undertook various reforms and revised several investment policies to trigger further economic growth in these cities. Tier II and III cities have witnessed renewed industrialization and growth in the last few years, which have stemmed from outstanding performance in skill-based manufacturing industries such as automotive, consumer and capital goods, engineering, textiles, pharmaceuticals and sectors such as biotechnology and IT/ITeS, further leading to fast paced urbanization.

Cushman & Wakefield Research conducted a study to identify the top 10 emerging cities of India and provides insights into the long term business investment potential across various industries in these cities. Some of the aspects that have been taken into consideration are demographics, physical, social and real estate infrastructure, current level and scope of economic activities and government support and initiatives; all aspects that are critical in determining the growth potential of the cities. The results identified that the top 10 emerging business destinations are **Ahmedabad, Bhubaneswar, Chandigarh, Coimbatore, Jaipur, Kochi, Indore, Nagpur, Vadodara and Visakhapatnam**, which are presented hereafter and are not in any order of potential / ranking or preference. This report aims at indentifying potential business destinations for future investments by companies in general and is not intended to target a specific industry, sector or real estate class.

## AHMEDABAD

Ahmedabad, the largest city in Gujarat with a population of 7.2 million and literacy rate of close to 87%, has been in the forefront of industrialization in India. The city has a robust physical transport infrastructure in terms of airport, roads, railways and its accessibility to ports. It is well connected with major metros and tier II cities in India through various modes of transport. Sardar Vallabhbhai Patel International Airport, India's seventh-busiest airport is well connected to the rest of the country and several international destinations like USA, Europe, and Middle East, etc.

An abundance of well-known educational institutes like Indian Institute of Management, Mudra Institute of Communications & Advertising and Nirma University has helped create a large educated talent pool within the city. The infrastructure in Ahmedabad is also considered to be among the best in India with large road projects developed by the Government and through Public Private Partnership. The city has an established Bus Rapid Transport System (BRTS) facility. In addition, construction for a Metro Link Express from Ahmedabad to Gandhinagar and other annexed areas is ongoing and planned. Apart from good talent pool and infrastructure connectivity, Ahmedabad also offers potential business entrants the advantage of reliable power and water supply, important factors that impact operating costs.

The State Government has been proactive in framing policies in numerous sectors like agriculture, pharmaceuticals, power, ports and minerals to promote industrialisation. The Industrial Policy of Gujarat 2009 offers lucrative incentives for prospective investors. Apart from these core sectors, the Government policies have also focussed on promoting other industries such as automobiles, biotechnology and energy and the services sectors such as tourism, IT/ITeS and banking and financial services. The IT/ ITeS sector has been given special preference for which the Government has taken various

### HIGHLIGHTS

- Strong government support in terms of policies as well as infrastructure development
- Existing industries include automobiles, engineering and pharmaceuticals
- Good connectivity to both Mumbai and NCR provides access to various domestic and international markets
- Strategically located on Delhi – Mumbai Industrial Corridor
- High quality of talent pool make it suitable for BFSI, IT/ITeS, engineering, etc.

policy initiatives like stamp duty exemption to units in IT parks and IT SEZs, exemption from the payment of electricity duty, providing venture capital funding for projects developing innovative technology, and various other subsidies.

The Government is promoting development of dedicated biotech clusters in the form of biotechnology zones/estates. Key policy measures to boost the sector are exemption on the stamp duty to the developer of the biotechnology park on the purchase of land, providing financial assistance at 50% of fixed capital investments in land, buildings and infrastructure facilities, limited up to a maximum of INR 25 million etc. The State is also creating a Biotechnology Fund with a corpus of INR 50 crores.

The Gujarat government has been proactive in creating a positive economic and regulatory environment over the last decade, giving the state a strong push towards industrial growth. The location of the industrial belt under the management of Gujarat Industrial Development Corporation (GIDC), in proximity to the city, has given an additional impetus to real estate growth.

Large national and international developers are currently executing real estate projects in the city and attracting a number of investors and end-users.

Ahmedabad has witnessed large scale activities in the real estate space in both the commercial and residential segment. Residential township projects by Adani Group, Godrej Properties, Tata Realty and Sandesh Group are being executed. The banking and financial services sector is being encouraged through the development of the Gujarat International Finance Tech-City (GIFT city) between Gandhinagar and Ahmedabad.

In order to boost the overall development of the city, the state and local government is undertaking significant physical and social infrastructure initiatives within the city. Some of these have been listed below:

#### INFRASTRUCTURE DEVELOPMENTS

- The Sabarmati River front project is expected to create a vibrant social and commercial space on the banks of the Sabarmati
- Metro rail line from Ahmedabad to Gandhinagar
- Proposed new international airport at Fedara

Infrastructure initiatives like the metro rail which will connect Gandhinagar to other surrounding areas will augment real estate growth. Major industries like pharmaceutical, engineering and manufacturing over the years have been the drivers to growth and the trend is expected to continue in the future. Increasing interest from other industries like automobiles and IT/ITeS is expected to provide the necessary impetus for growth in the years to come.



## BHUBANESWAR

The city being the seat of state administration and legislative power is at the center of major economic activities in the state of Odisha. It is an important city in Eastern India in terms of business and tourism despite having less than a million population. Bhubaneswar is well connected to major cities in India via road, rail and air.

Bhubaneswar has some of the popular institutes of national repute like IIT, AIIMS, Xavier Institute of Management, National Institute of Science Education and Research and many state level engineering, medical and management colleges that specialize in education, research and training. Thus, the city offers high intellectual capital in the form of a large and diverse, educated talent pool.

The major economic drivers of the city are agriculture, horticulture, metals and metal processing, mineral, engineering, information technology, handloom and tourism. To aid growth in the above sectors, the State Government has laid down specific policies that are intended to strengthen core business activities. In addition, the city is a World Bank Model city for power distribution reforms in the country and has the lowest power tariffs in the country.

As a result of the State's rich reserves of iron ore and other valuable minerals, the city houses the headquarters and offices for many industries like iron & steel plants, aluminium & ferro alloy plants, cement industries and paper mills, which have their factories in Odisha. There are a number of mining and steel producing companies like Steel Authority of India Limited (SAIL) Essar Group, Indian Oil Corporation, Bhushan Steel, NALCO, Sterlite, Jindal, POSCO, Vedanta and TATA Group in areas surrounding the city. Apart from mining and steel industry companies, the IT/ITeS sector is also gaining

### HIGHLIGHTS

- Primary sector activities such as agriculture, mining and metal production are the key economic drivers
- Quality talent pool across disciplines and specialisations
- Lowest electricity costs in the country
- Suitable for industries such as IT/ITeS, engineering and R&D



importance with prominent companies in the sector like IBM, Genpact, Mindtree and Mindfire Solutions present in the city, occupying major commercial spaces. One of the prominent commercial developments is Infocity IT Park, which is spread across 350 acres with the presence of IT companies like Infosys, Tata Consultancy Services and Wipro. Software Technology Park of India - Bhubaneswar and JSS Software Technology Park are the other IT Parks fostering the development of IT/ITeS industry.

Major national real estate players like K Raheja, Unitech, DLF etc. have already launched their projects in the city.

#### INFRASTRUCTURE DEVELOPMENTS

- The Biju Patnayak airport is set to be upgraded to an international airport
- A new 784 acres Knowledge City is going to come up near the city comprising of an SEZ, residential, commercial areas and business zones
- Planned Bus Rapid Transit System

Key infrastructure developments like the development of urban corridors along major arterial roads around the city, completion of Bhubaneswar Integrated Road Network Project and the integration of the two cities of Bhubaneswar and Cuttack into a 720 sq. km Urban Complex bringing Khurda, Jatani and Choudwar within the city precincts are expected to help in the growth of the city. The development of major IT/ITeS parks such as, MindTree's 20 acre campus, Infosys' 613 acre Info Valley SEZ (15 km from the city) and DLF Info Park, is expected to further increase presence of IT/ITeS companies. Also the mineral rich areas will continue to attract mining companies, steel plants etc. and thereby establish their base in the city. Though the city is an important tourist destination by itself and a gateway to other destinations such as Puri and Konark for both domestic and international tourists, there is much scope for the development of world class infrastructure, facilities and services. The development of a vibrant tourism and hospitality industry in the city could further help in broad basing its economy as well as serving the needs of the other business sectors and industries.

## CHANDIGARH

With a million plus population, the union territory of Chandigarh is the first planned city in the country. Chandigarh with its two satellite cities – Panchkula (Haryana) and Mohali (Punjab) is collectively called as the Chandigarh Tri-city. It is well connected by road (two major highways – NH-21 and 22), railways and domestic airport to all major cities in India. Chandigarh has two prominent universities and a number of higher education institutes that offer both technical and professional education in the fields of law, medical, pharmacy, engineering and hotel management. In addition, Mohali has the second campus of the internationally reputed Indian School of Business. It's proximity to NCR and access to major locations in the northern region has been instrumental in the growth of the city over the last few decades.

Industries in Chandigarh are majorly involved in manufacturing food products, paper, basic metal and alloys. Service sectors such as IT/ITeS and tourism are rapidly gaining importance owing to Government initiatives, development of infrastructure and talent pool. In order to promote IT developments in Panchkula and Mohali, both the Haryana and Punjab State Governments are offering policy incentives such as reimbursement of stamp duty and registration fee on land directly acquired by developers for construction of IT parks or IT units, rationalization of Value Added Tax (VAT) on all IT products, enhanced FAR (Floor Area Ratio) to IT Units/Parks and exemption of IT units from land use zoning regulation to name a few.

In the last three years, Chandigarh has witnessed significant development with respect to real estate in commercial office, retail and residential segments. Chandigarh and the surrounding areas are becoming important destination for the developers, investors and end-users. The establishment of

### HIGHLIGHTS

- Highest per capita income and the best planned urban infrastructure in the country
- Primary industries are involved in manufacturing of food products, paper, basic metal and alloys
- Prominent IT companies have set up their operations such as Manimajra, Panchkula & Mohali
- Additional future growth sectors include trading, retail, IT/ITeS, leisure and entertainment sectors

Chandigarh Technology Park (CTP) in Manimajra north-east of Chandigarh and IT Park in Mohali has provided the requisite space for the IT/ITeS companies considering expansion in Chandigarh. The Rajiv Gandhi Chandigarh Technology Park (RGCTP), of which the first phase has been developed and accorded Special Economic Zone (SEZ) status, is occupied by companies such as Infosys, Amadeus, Net Smartz and FCS Software Solutions Ltd, among others. The second phase of the RGCTP is currently under development and the space is already committed to by Wipro Technologies Ltd., Tech Mahindra, Rolta India Ltd., Bharti Airtel, etc. Other prominent IT developments include DLF Infocity within CTP that houses companies like IBM Daksh, Infosys Technologies Ltd., eSys Info Services Ltd., Ericsson, and Agilent.

The city is expected to witness the development of low cost, multi-modal public transport system to cater to the increasing demand from professionals in service sector. The first phase of the proposed metro will function from North (Capitol Complex) to South (Mohali). Meanwhile various developers from Delhi NCR such as TDI, Ansal API, DLF are

developing various real estate projects across asset classes.

#### INFRASTRUCTURE DEVELOPMENTS

- Chandigarh airport is set to be upgraded to international standards
- A new, state of the art, Education City is planned in the city, which will have world class educational faculty and excellent infrastructure
- A state of the art Entrepreneurs Development Centre is coming up on a 1.5 acre plot at a cost of INR 160 million, which will have plug n play facilities for upcoming entrepreneurs
- Planned metro rail connectivity

With the highest per capita income in the country and the best planned urban infrastructure, the city offers opportunities for business involved in trading, retail, IT/ITeS, leisure and entertainment (cinemas, amazements parks, theme parks etc.) as well as in those requiring higher intellectual capital or offering unique and niche services.



## COIMBATORE

Coimbatore is the second largest city in Tamil Nadu with a population of nearly 2.15 million people. It is an important commercial destination referred to as “Textile capital of South India”. The city is connected to all major centres in India through road (three national highways - NH-47, NH-67 and NH 209), rail and air. Currently, its international airport provides connectivity to cities such as Singapore and Sharjah, but there are plans for it to be upgraded and modernized.

Coimbatore is a prominent educational centre due to the large number of professional and higher education institutes in the city. There are an estimated 70 engineering colleges and 20 polytechnic institutions apart from approximately 56 business management institutes. There are numerous medical, dentistry, nursing and hospitality along with regular undergraduate and post graduate schools for conventional disciplines. The city's education institutes cater not only to students from the city and its vicinity but also to students across the southern region, who are looking for quality education. The large number of educational institutes provides the city with a very potent talent pool across specialization. This talent pool is employable across various industries including manufacturing.

With more than 25,000 small and medium enterprises (SMEs), Coimbatore has one of the most vibrant economies in Southern India. Encouraged by the private sector initiatives and backed by a multitude of educational institutions, this entrepreneurial city has a strong base of textile, engineering, foundries, pumps and auto components industries. The city has gained significance and is emerging as an alternative IT/ITeS and Biotech destination in the southern region. This is mainly due to an ideal combination of business infrastructure that includes telecommunications and power, quality of life,

### HIGHLIGHTS

- Textiles, engineering, auto components, renewable energy, motors and pumps are the mainstay of the local economy
- Emerging location for IT/ITeS, engineering and research companies
- Presence of large number of educational institutes provides a diversified and skilled local talent pool

high density of skilled work force, low cost of living, low pollution, rapid pace of infrastructure development and several Government initiatives promoting growth in the city.

The city has three operational SEZs catering to IT/ITeS, and hi-tech engineering sectors. A number of prominent IT/BPO companies such as Robert Bosch, Perot Systems, CTS, KGISL, Cbay Systems, Nous Technologies, VWR and 360 Medi have set up operations in Coimbatore. Software exports are major contributor to economy and have grown significantly in the last few years. In order to attract investments in the IT/ITeS sector, the Government provides capital subsidy, exemption on stamp duty and registration fee.

Earlier this year, the State Government has announced its plans to revise various industry related policies such as the Industrial Policy, Biotechnology Policy, Aerospace Industrial Policy, Automobiles & Auto Components Industry Policy and Land Acquisition Policy for Industries. The intention is to provide more support to existing industries and attract further investments to make the State a competitive business destination.

Coimbatore has a congenial industrial climate, cosmopolitan culture, good connectivity and salubrious climate throughout the year due to its proximity

to hill stations such as Ooty and Kodaikanal. Substantial development activity in residential property market is being witnessed with many real estate promoters in the fray, offering a range of products from apartments to twin houses and individual bungalows. As a result, the city has become a destination of choice for living. Resultant and growing demand from inhabitants is supporting a variety of service sector activities and professional services such as lawyers, doctors, chartered accountants, etc.

In order to boost the overall development of the city, the state and local governments are undertaking significant physical and social infrastructure initiatives within the city. They have initiated infrastructure improvements to enhance connectivity through elevated roads and mono rail, which will lead to the development of new growth corridors. Some of the other developments have been listed below:

#### INFRASTRUCTURE DEVELOPMENTS

- Ring road around the city has been proposed
- Roads to the airport and to Salem are under construction
- Expansion and modernization of airport at an estimated cost of INR 4.0 billion is planned

Lack of land in the main city is pushing the construction activities towards the suburbs. However, compared to the other major industrial hubs of

Chennai and Sriperumbudur, land is relatively cheaper in Coimbatore. A revamp of Coimbatore's existing infrastructure and development of newer ones is expected to drive the growth of the city. Manufacturing activities in textiles, engineering, auto components, renewable energy, motors and pumps, etc and firms involved in IT/ITeS sector are expected to remain the mainstay of the local economy. The State Government's support for both manufacturing as well as IT/ITeS sector is expected to ensure that there is substantial investment interest in this city.



## INDORE

With a population of nearly 2.2 million inhabitants, Indore the commercial capital of the state of Madhya Pradesh, is rapidly growing and evolving as a modern city. With two national highways (NH3 and NH 59), an upgraded domestic airport that will soon commence international operations and connectivity through railway and road transport, the city of Indore is well connected to the rest of the country.

The city has two institutes of national importance – IIT and IIM, beside many other education institutes of higher education. These underline the quality of education and the talent pool available within city that caters to the diversified economic activity of the city consisting of manufacturing of automobiles, alloy steel, pharmaceutical, textiles and services sectors such as banking and finance, trading, and retail, etc. The city has attracted renowned information technology companies such as IBM, Infosys and TCS.

The industrial locations mainly comprise of Pithampur and Sanwer in the suburbs of the city. Pithampur has an operational multi-product SEZ that include automobile companies such as Eicher Motors, Mahindra 2 Wheelers, Force Motors Ltd. and pharmaceutical manufacturing companies like Cipla, Lupin and Glenmark amongst others. These in turn are attracting other support and ancillary units to the city.

Indore is also an active trading hub for central India. The presence of small and medium businesses involved in various trading and business activities has ensured that there is a vibrant local economy. As a result, attracted by the sizeable population and its paying capacity, a number of national real estate players such as DLF Ltd., Omaxe, Sahara, Parsvnath, Ansal API, Emaar MGF have taken cognizance of the inherent growth and have already launched their projects in the city.

### HIGHLIGHTS

- Commercial capital of Madhya Pradesh
- Primary sectors include manufacturing of automobiles, alloy steel, pharmaceutical, textiles and services such as banking and finance, trading etc.
- Significant presence of academic and technical education institutes provide skilled and educated talent pool for white collared jobs

The city is planning on upgrading its infrastructure by developing a Super Corridor from Indore to Ujjain, along which a number of IT/ITeS companies are expected to develop their own campuses as the government is providing land to them at highly subsidized rates. In terms of transportation infrastructure, plans are on the anvil for the development of various multi-modal transportation systems such as metro rail, mono rail, BRTS, etc.

### INFRASTRUCTURE DEVELOPMENTS

- Planned metro rail connectivity with project expenditure of INR 75 billion approved by the Centre
- Proposed riverside corridor for ease of traffic and environmental improvement
- The Indore Development Authority proposes to develop Sports Complex and Medicity worth INR 20 billion under Public-Private-Partnership (PPP)

The real estate and infrastructural developments are going at a steady momentum in the city and are expected to continue in the suburban locations. The Super Corridor and Bypass Road are the two major upcoming growth vectors of the city that will see demand for both business assets

(commercial offices, retail spaces) as well as residences in the coming years. While Bypass Road majorly constitutes the residential developments, the Super Corridor will comprise of group housing developments, sports complex, medical hub and campuses of large corporate.



## JAIPUR

Jaipur has traditionally been a part of the 'golden triangle' as the third mega tourist destination in Northern India apart from Delhi and Agra. Thus, due to its numerous attractions like forts, *havelis*, medieval Indian architectural marvels like the *Hawa Mahal* and *Jantar Mantar (Galactic Observatory)*, Jaipur has been a known destination to both Indian as well as global audiences. From the economic point of view, Jaipur has been gaining prominence as a key node on the Delhi-Mumbai Industrial Corridor. The state capital of Rajasthan, Jaipur has the advantage of being situated on the confluence of three national highways NH-8, NH-11 and NH-12, which makes transportation and accessibility to the location easy. The city also enjoys excellent rail and air connectivity to various domestic destinations. It has international air connectivity to select cities in the Middle East.

Jaipur and its surrounding urban areas are fast emerging as an educational destination with many private sector institutes and universities establishing themselves in the city, especially in the north-east periphery of the city along NH8. There is a large talent pool that is available for employment not only in the traditional services sectors of tourism, hospitality and retail, but also for the new sunshine sectors such as IT/ITeS and Biotechnology.

The city is one of the largest exporters of gold and silver jewellery with precious and semi precious stones in Asia and has the potential to emerge as a global leader in gem and jewellery export. Besides, it is also a major centre for textiles, handlooms and other cottage industry products.

The Government is encouraging setting up of Integrated Industrial Parks (IIPs) through equity participation by Rajasthan State Industrial Development and Investment Corporation Ltd. (RIICO) and assistance from other agencies of the Government. RIICO's is tasked with devising a policy for allotment of

### HIGHLIGHTS

- Established tourist destination in Northern India with high concentration of hotels rooms
- Largest exporter of gems & jewellery along with a thriving cottage industry
- Availability of large land parcels at attractive rates in the peripheral areas
- Significant infrastructure developments and IT sector friendly policies initiated by the state government

land to private sector through transparent mechanisms and concessions to industrial units set up in its industrial areas. Additionally, a single window clearance mechanism for project approvals has accelerated the pace of development around the city. The State Government has developed various concessions and incentives, along with the Board of Infrastructure Development and Investment Promotion (BIDI).

The Rajasthan Government has also adopted a SEZ policy for developing Special Economic Zones in the state. As a direct benefit of this scheme, Mahindra World City SEZ was created and is currently operational. The SEZ caters to engineering, handicraft, jewellery, logistics and Information Technology companies. The tenants include Infosys, Wipro, Deutsche Bank, Nucleus Software to name a few.

In the last few years, Jaipur has seen increased real estate activities by both local and nationally renowned developers. The growth of real estate is attributed to economic development backed by growth in tourism, industrial policies, friendly IT policies of the Government etc. that has resulted in the

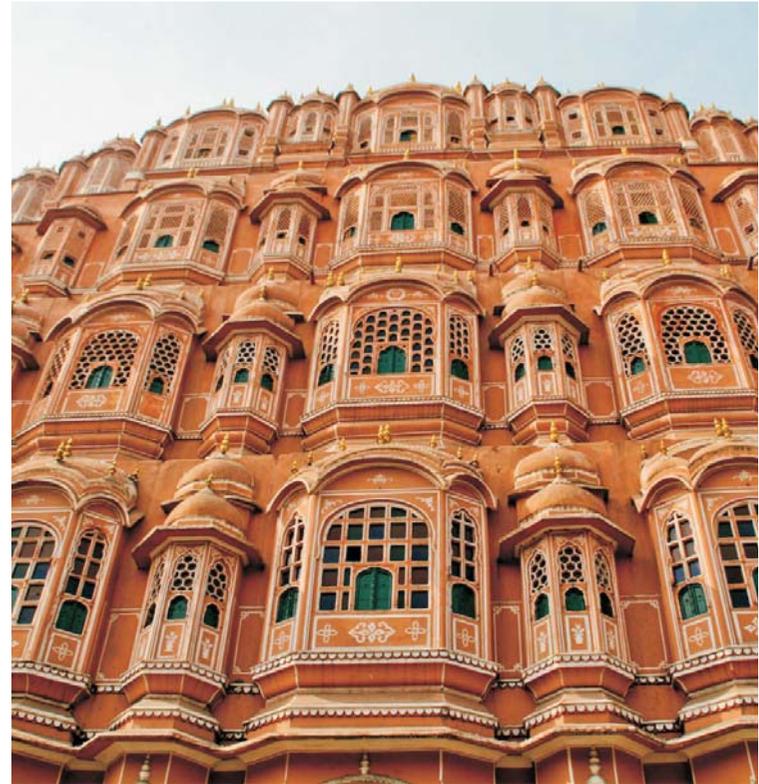
setting up of call centers/BPO and software majors and generating additional employment. With the Government encouraging private sector participation in the sector, a slew of private townships and group housing developments are at various stages of development. The Jaipur-Ajmer Express Highway has many large scale private sector developments like Mahindra World City, Vatika Infotech City, and Amrapali City amongst others.

In order to boost the overall development of Jaipur, the state government is undertaking significant physical and social infrastructure initiatives within the city. Some of these have been listed below:

#### INFRASTRUCTURE DEVELOPMENTS

- Ring Road Project measuring 145 kms around Jaipur
- International Convention Centre & Golf Course
- Planned metro rail connectivity

With ample availability of land in the periphery of Jaipur at relatively attractive rates, planned infrastructure development initiatives and increasing local talent pool, the city could be a potential destination for IT/ITeS companies besides NCR and Chandigarh in northern India. Overall, the city being an established tourist destination is emerging as a favored business destination offering lucrative opportunities across retail, education, commercial and hospitality sectors.



## KOCHI

Kochi has been an important commercial trading and tourist destination in Kerala with a population in excess of 2 million as per the Census 2011. As a port city which is strategic located, it is ideally equipped with robust connectivity through road, rail and air travel. The city offers international connectivity to various destinations in the Middle East as well as South East Asia. Kochi is also connected to various domestic destinations through a network of state and national highways and through its two railway stations.

Kerala has the distinction of having the highest literacy rate in India. In Kochi, numerous professional institutes ensure a regular streaming of talent pool which is well trained, a result of which Kerala is said to be the number one exporter of human resources. There are over 30 professional educational institutes in the city that offer academic and professional courses in the disciplines of sciences, engineering, medical, legal, management and marine-related subjects. Due to the high preponderance of global migration, a very large percentage of this talent pool has experience of international markets.

Whilst Kochi serves as a gateway for the State's tourism industry, the city is also an important industrial centre with industries involved in shipbuilding, petrochemical refining, handicrafts, rubber, coir, seafood and other agricultural food products such as spices, bananas, coconuts, etc. There are also a number of small and medium scale companies involved in manufacturing a range of products including pesticides, rare earth elements, rubber processing chemicals, fertilisers, zinc and chromium compounds, and leather products. Kochi also has an established electronics hardware and IT/ITeS industry.

### HIGHLIGHTS

- Strategically located economic centre with port, road, rail and domestic & international air connectivity.
- Prominent industries are tourism, electronics hardware and IT/ITeS industry, shipbuilding, petrochemical refining, handicrafts, rubber, coir, seafood and other agricultural food products such as spices, bananas, coconuts, etc.
- Availability of excellent talent pool
- Key areas of growth are international trading, hi-tech industries, tourism, IT/ITeS and marine exports

Kochi is emerging as one of the strong IT/ITeS destination amongst the emerging cities in India, owing to its high literacy rate of 96%, available pool of trained manpower, lower set-up and operational costs, cheapest available bandwidth in the country and global connectivity. The city's most prominent IT/ITeS centre is the IT Park at Kakkanad. Spread over in a 100 acres, this IT Park hosts well-known national and international companies such as IBM, KPMG, Deloitte, Cognizant, Etisalat, Exor, Sutherland, TCS and Wipro. Apart from this, Dubai based TECOM is also planning a 246 acres IT park in the city.

National developers such as DLF, Sahara, Unitech, Purvankara, Tata Realty, HDIL, NCC, Leela Group, Jurong, and TECOM are looking at the city keenly for future development. Many of them have either announced their projects or have acquired land banks in the city for future developments.

## INFRASTRUCTURE DEVELOPMENTS

- New international terminal costing INR 3 billion & catering to 10,000 passengers per annum has been announced
- Kochi Metro Rail with connectivity from Alwaye (North) to Petta (South) is planned. Work has begun on the project with Prime Minister Manmohan Singh laying the foundation stone for the project in September 2012
- Upcoming International Container Trans-shipment Terminal spread on 115 acres to handle 5.5 mn TEU's
- Oceanarium, an underwater world aquarium housing marine creatures with research facilities is under construction
- LNG Re-gasification Terminal 1st phase of 2.5 Million TPA, which will be enhanced to 5 Million TPA in the 2nd phase
- Airport-Seaport Road for faster accessibility to airport and better connectivity of the CSEZ with other commercial areas is being constructed

Kochi-Coimbatore and Kochi-Kasaragod Industrial Corridor are designed to utilize the existing and new infrastructure projects like LNG Terminal, International Container Transshipment Terminal ICTT and Metro Rail Corridor. Kochi's key areas of growth include international trading, hi-tech

industries, tourism and marine exports where the port connectivity plays a pivotal role. Infrastructure thrust is crucial for the growth continuity and the Government has taken several initiatives for infrastructure development and also in branding Kochi as a promising IT/ITeS destination.



## NAGPUR

With a population of 2.6 million (Census 2011), Nagpur is the largest city in central India and third largest city (by population) in the state of Maharashtra. Strategically located at the center of India, it is the only city other than Delhi to have rail connectivity to all the state capitals of the country. It is well linked by all means of transport, airways, roadways and railways. The Nagpur airport (Dr. Babasaheb Ambedkar International Airport), operating both domestic and international flights, currently handles over 500 flights per day. While two important roads, the NH-6 and NH-7 pass through Nagpur, the INR 3.5 billion Nagpur Integrated Road Development Project is the government's endeavor to strengthen the infrastructure in the city. Furthermore, the Inland Container Depot at Nagpur is another project that is increasing Nagpur's attractiveness as a business destination.

Nagpur, winter capital for the state of Maharashtra, is also a major education hub with over 80 colleges offering varied disciplines including medical, engineering, arts and business administration which attract students from all over the country. Hence, the city has a large potent workforce which is well-educated and diversely employable in various industries and economic activities.

The city's economy primarily revolves around steel manufacturing, power production, transportation and logistics and food products. However, due to its strategic and central location, the city is also home to the Multi-Modal International Hub Airport (MIHAN). MIHAN, spread over 3,454 hectares, consists of an international airport, multi product Special Economic Zone (SEZ) IT Park, Health City and residential area. Among the prominent investments made in MIHAN are Ascendas' International Tech Park and MADC's joint IT park of 4.5 msf built up area to be situated within MIHAN

### HIGHLIGHTS

- Commercial hub of eastern Maharashtra
- High reliability of power supply with almost zero load shedding
- Economy mainly revolves around steel manufacturing, power production, transportation and logistics and food products
- Excellent potential for hub and spoke logistic companies due to MIHAN

in a span of 5-7 years. Mahindra Satyam, TCS, Infosys, L&T, Persistent Systems, Voltas Ltd., VIP Industries, Nippon, Denro, Ispat Ltd., Woolworth (I) Ltd., and ACC Refractory Ltd. are some of the prominent firms located in the city. Further, Boeing is expected to invest USD 100 million in Nagpur to develop its regional maintenance, repair and overhaul facility. Also, Maruti Suzuki is expected to set up its second stockyard in Nagpur after Bengaluru in southern India.

With major investments taking place in the city, it is evident that Nagpur is one of the most sought after industrial and services sectors' investment destination in India. Its advantage of being well connected and equidistant from most other locations across India makes it a favourable destination of hub-and-spoke logistics. Over 40% of Maharashtra state power is generated in and around Nagpur, therefore enjoys high reliability of power supply with almost Zero Load Shedding, which is a boon for the industries operating out of here.

In the last couple of years Nagpur has witnessed significant development with respect to real estate in commercial office, retail and residential

segments. Though independent bungalows are preferred in Nagpur, demand for flats is also on the rise and the cost of real estate is comparatively lower than most tier I and II cities. Prominent Mumbai-based developers like Kalpataru and Rustomjee, and pan-India developers such as Mantri Realty, Godrej Properties, Mahindra Lifespaces, L&T, Tata Realty and DLF have already launched various real estate projects in the city. Wardha Road, driven by proximity to MIHAN SEZ, is experiencing significant investor interest in residential real estate.

#### INFRASTRUCTURE DEVELOPMENTS

- Planned metro rail connectivity from Sitabuldi to MIHAN and Butiboti
- Nagpur city Integrated Road Development Project is ongoing
- MIHAN SEZ, which is aimed at becoming a major logistic hub in the country
- Upcoming private IT parks like L&T IT Park & DLF IT Park

Major infrastructure initiatives, like construction of Ring Roads connecting the city to National Highways and the link between Wardha Road and Hingna Road to name a few, are acting as catalyst and are likely to boost the growth of the city. With successful implementation of MIHAN, major Industries,

including IT/ITeS, Logistics etc are expected to set up their base in the city. Given its political importance, stability and strategic location, companies looking at a centralized location will find the city extremely attractive as they will also benefit from developed infrastructure, sizable supply of skilled human resources, clean and green environment, short commute times and balanced lifestyle.



## VADODARA

With a population of 1.6 million (Census 2011), Vadodara is one of the major business centres of Gujarat. It is located to the south-east of Ahmedabad at a road distance of around 120 kilometers. All rail and road arteries that link Delhi, Mumbai and Ahmedabad also connect Vadodara. The domestic airport in the city provides connectivity to major Indian cities of Delhi, Mumbai, Bengaluru and Hyderabad. Proximity of Vadodara to key industrial centers of Gujarat such as Ahmedabad, Bharuch and Surat is a major driver for its growth, while the city also has good connectivity to ports located in Dahej and Hazira.

Vadodara is also known for its quality education as the city has the largest university in the state of Gujarat, the Maharaja Sayajirao University of Baroda (M.S.U.), a wide range of courses in sciences, fine arts, performing arts, technology, management, psychology, social work, law and medicine. There are as many as 30 colleges including the prestigious India Statistical Institute, that has been providing quality education and workforce in the city. Additionally, the city's proximity to Ahmedabad also ensures that a large, educated and talented human resource pool is available in the city to support the major economic activities.

The city's economy revolves around sectors such as chemicals and petrochemicals, automobiles, pharmaceuticals, cotton textiles and biotechnology. Private sector companies such as ABB, Reliance Industries, Schneider Electric, Larsen & Toubro, Collabera, DuPont, Bombardier, General Motors, IPCL, ONGC, Sun Pharmaceuticals, Apollo Tyres, CEAT and Suzlon amongst others, have their operations in Vadodara. Major public sector undertakings (PSUs) such as Gujarat Refinery, Gujarat Alkalis and Chemicals Ltd. (GACL) and Gujarat Fertilizers and Chemicals Ltd. (GSFC) are the other

### HIGHLIGHTS

- Proximity to key industrial centers of Gujarat - Ahmedabad, Bharuch and Surat
- Good connectivity to ports located in Dahej and Hazira
- Economy primarily comprises of chemicals and petrochemicals, automobiles, pharmaceuticals, cotton textiles and biotechnology sectors
- Location on Delhi-Mumbai Industrial Corridor (DMIC) makes it a key centre for industrial development

prominent companies located in the city. The city also houses various Small Scale Industries (SSI's), which support the larger industries. The city presently has 13 industrial estates of which Savli, Jetpur Pavi, Sankhadi are the main estates. The city also has two operational SEZ's, one catering to engineering products and related services companies and the other to the IT/ITeS sector.

Key drivers that are attracting end-users, investors and developers towards Vadodara are upcoming infrastructure development, high urbanization rate, comparatively high literacy rates and increasing industrial and IT investments. The Vadodara Urban Development Authority (VUDA) has signed MoUs worth INR 32.4 billion with various real estate development companies for projects such as residential complexes, IT parks and commercial complexes. These initiatives are expected to boost the real estate sector in the city.

In order to boost the overall development of the city, the state and local government is undertaking significant physical and social infrastructure initiatives within the city. Some of these have been listed below:

## INFRASTRUCTURE DEVELOPMENTS

- Vadodara airport is proposed to be developed as an “Aircraft Maintenance Hub”
- An investment of INR 19 billion is proposed under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) for various infrastructure projects in the city

The Delhi-Mumbai Industrial Corridor (DMIC) is expected to have a major impact on the city's economy. Additionally, with the rapid industrialization in the surrounding areas, the city is also slated to see several IT parks and SEZs developing along the Gandhinagar-Ahmedabad-Vadodara Knowledge Corridor. Resultantly, investments by both national and international companies, especially in chemicals, petrochemicals, automobiles and automobile components, electrical and electronics are in the pipeline and expected to increase further.



## VISAKHAPATNAM

Visakhapatnam or 'Vizag' as it is popularly known, is one of the most prominent port cities in eastern India as it has the only natural harbour on the east coast. Located at a distance of 600 kilometers from Hyderabad, Visakhapatnam has a population of over 1.7 million. It is very well connected by all modes of transport like sea (2 ports), railways, road (NH-5) and air. With the formation of 'Greater Visakhapatnam' in 2005, the city's development is set for a quantum leap. Visakhapatnam is also home to the Indian Navy's Eastern Naval Command. Some of the major industries operating out of the Visakhapatnam are shipyards, fisheries, and steel works which have made it an economic powerhouse within the region.

Strategically located mid-way between Kolkata and Chennai, coupled with the availability of the other associated factors in logistics has enabled the city to attract large commercial investments from major public and private sector industries. The city is emerging as the second-most important investment destination after Hyderabad in Andhra Pradesh. The city has attracted large public and private sector industries related to shipping, steel and heavy manufacturing. Major companies such as Hindustan Zinc, GAIL, Indian Oil Company (IOC) Bottling Unit, BPCL Bottling Unit, Synergies Castings, Coromandel Fertilizers, Hindustan Ship Yard, Bharat Heavy Plate and Vessels Limited are located in the city.

The city is also emerging as a viable alternative to Hyderabad for the IT/ITeS sector. This is mainly on account of availability of 'English speaking' educated talent pool, infrastructure and comparatively cost-effective real estate in the city. It has many small and medium IT/ITeS companies apart from a few blue chip companies such as IBM, TCS, Wipro, Sutherland and Mahindra Satyam Services that have their presence in the city. Other major industries are telecom, fisheries & marine foods, apparel & textile, food processing, general

### HIGHLIGHTS

- Important Indian naval base in the east
- Major industries are heavy industries, fisheries & marine foods, power generation, apparels & textiles, food processing, general engineering, refineries, bio-tech, pharmaceuticals, and chemicals
- Emerging as a viable option to Hyderabad for IT/ITeS
- High concentration of 'English speaking' educated talent pool

engineering, refineries, bio-tech, pharmaceuticals, and chemicals. The city currently has 13 operational and 9 notified SEZs which cater to the IT/ITeS, apparels, pharmaceutical and multi-product manufacturing.

The residential realty market of the city is undergoing significant development. The city has experienced a change in mindset from preference from traditional independent houses to high rise apartments. The key residential areas in the city are primarily Beach Road, MVP colony, Lawsons Bay, Waltair, Old town, Seetamdihara, Siripuram etc. Commercial centers such as Dwaraka Nagar, Dhaba Gardens have a mix of apartments and independent houses. Areas such as Madhurawada and Rishikonda have witnessed large residential projects catering to the housing requirements of IT/ITeS employees. Visakhapatnam Urban Development Authority (VUDA) has developed multiple residential projects through public-private partnership models with prominent local developers.

In order to boost the overall development of the city, the state and local government is undertaking significant physical and social infrastructure initiatives within the city. Some of these have been listed below:

## INFRASTRUCTURE DEVELOPMENTS

- Petroleum Chemical Petrochemical Industrial Region (PCPIR), Coastal Industrial Corridor is proposed between Visakhapatnam port and Kakinada port to spread over 603 sq.km
- Widening & improvement of Master Plan roads in areas such as Beach Road, NH-5, Rushikonda, Duvvada, Kapuluppada, etc. are currently in various stages of construction
- Planned MRTS / BRTS to be constructed over next 7 years with investment of INR 62.4 billion
- Industrial Park at Kottavalsa and Pharma city in Parawada to be set up
- Logistics Hub proposed in 5,000 acres land between Mehadrigedda & Lankalapalem

Visakhapatnam is well suited for heavy industries, power generation, IT/ITeS, food processing, tourism and biotech sector companies. Given the current political uncertainties that are prevalent in Hyderabad due to separatist demands, business investments have slowed down in the state capital. As a result, business investors may view Visakhapatnam as stronger investment destination within the State due to its strategic location, infrastructure and positive business environment.



## CONCLUSION

The aforementioned tier II and III cities have shown great potential in emerging as possible investment destinations. Each city has a unique profile and inherent advantages that could cater to specific needs of an industry or inherent businesses. For some manufacturing businesses, access to cheap land, raw materials and transportation may be of greater importance, whilst for others it could be access to trained and educated manpower and quality infrastructure.

As a result, the top 10 emerging business destinations that have been discussed in this report offer tremendous diversity in terms of their location, size, demographics, economic drivers, infrastructure, etc. For example, Visakhapatnam is better suited for primary sector industries such as mining, heavy manufacturing, etc, while the other port city of Kochi is emerging as a strong IT/ITeS and trading destination. Similarly, Ahmedabad is attracting manufacturing sector investments, while Jaipur is witnessing significant service sector investments. Coimbatore has strengths in textiles, engineering, foundries, pumps and auto components industries, whilst Indore sees growth within automobile and pharmaceutical manufacturing sectors.

Yet, whilst there is diversity in these cities, there are also some commonalities. Almost all the cities have strong government support which seeks to broad-base the local economies. Hence, there are policies in place which support industrialisation, IT/ITeS and Biotechnology across cities and States. Given their size and needs, almost all the cities are looking at improving their infrastructure by upgrading their airports, building newer and wider roads, mass rapid transport systems such as BRTS and/or metro rail.

Government policies play an instrumental role in shaping and utilising the full potential of a city. Cities that are led by proactive visionary governments

which invest in infrastructure and education, will be best positioned to succeed. The government support in the form of financial incentives, tax policies, investment strategies etc. aid industrial and business development. The policies also help to leverage upon the available resources to develop competitiveness to other cities in the country. In addition to attractive policies, certain state governments have launched marketing campaigns to attract investors, of which the most prominent is the Vibrant Gujarat Summit. Hence, a comprehensive approach that addresses key issues, such as availability of necessary resources, ease in applying for and receiving requisite permissions, an enabling tax policy and a forward looking vision will be the key determinants of success in attracting businesses for any city.

On their part, businesses have to ensure that they target the cities with realistic expectations after undertaking comprehensive studies to ascertain the pros and cons of each location. Given the size and complexity of each region, state and city, they should be wary of undertaking the same approach to all cities and must decide on appropriate customised strategies for each. An open mind in identifying new growth opportunities in these cities may provide unimagined dividends as history has shown that cities are also complex and adaptive systems which need people, businesses and activities to keep evolving to grow and develop in time.

It is important to realise that the identified cities are at a critical juncture wherein they have attained sufficient scale and momentum to leapfrog into the forefront of attracting investor interest and demand. As emerging cities, they offer potentially lower costs, necessary and inexpensive infrastructure and suitable business environments for companies to take advantage of. There is scope for new entrants as well as existing ones to establish, grow and even expand in these cities without the bottlenecks of scarcity or high costs of land, choked infrastructure, unavailability of talent pool, environmental restrictions, etc. that are usually found in the top seven Indian cities.

## CUSHMAN & WAKEFIELD

Cushman & Wakefield is the world's largest privately-held commercial real estate services firm. The company advises and represents clients on all aspects of property occupancy and investment, and has established a preeminent position in the world's major markets, as evidenced by its frequent involvement in many of the most significant property leases, sales and assignments. Founded in 1917 it has 246 offices in 60 countries and more than 14,000 employees. It offers a complete range of services for all property types, including leasing, sales and acquisitions, equity, debt and structured finance, corporate finance and investment banking, corporate services, property management, facilities management, project management, consulting and appraisal. The firm has more than \$4 billion in assets under management.

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## GIREM

GIREM is an industry body with Charter work in the area of urbanization and future cities, with focus on providing businesses an eco-socio-economic infrastructure to operate and flourish and improve the Quality of Life of Urban Citizen.

GIREM partners with the industry, governments and the government agencies through advisory, consultative and participatory processes.

As a non-government, not-for-profit, industry-led & industry-managed organisation, GIREM will play a proactive role in improving infrastructural issues that many businesses are grappling with on a day-to-day basis.

GIREM is a pro-development body with a clear mission on being problem-solving platform for building and creating a 21<sup>st</sup> century urban infrastructure.

GIREM works as a catalyst to the industry and the society at large, working closely with government on policy issues, infrastructure planning and development; facilitate business to become competitive through common infrastructure facilities and through common infrastructure facilities and through a range of specialised services and global linkages.

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