



Zinnov's Emerging Cities Analysis – 2021

zinnov

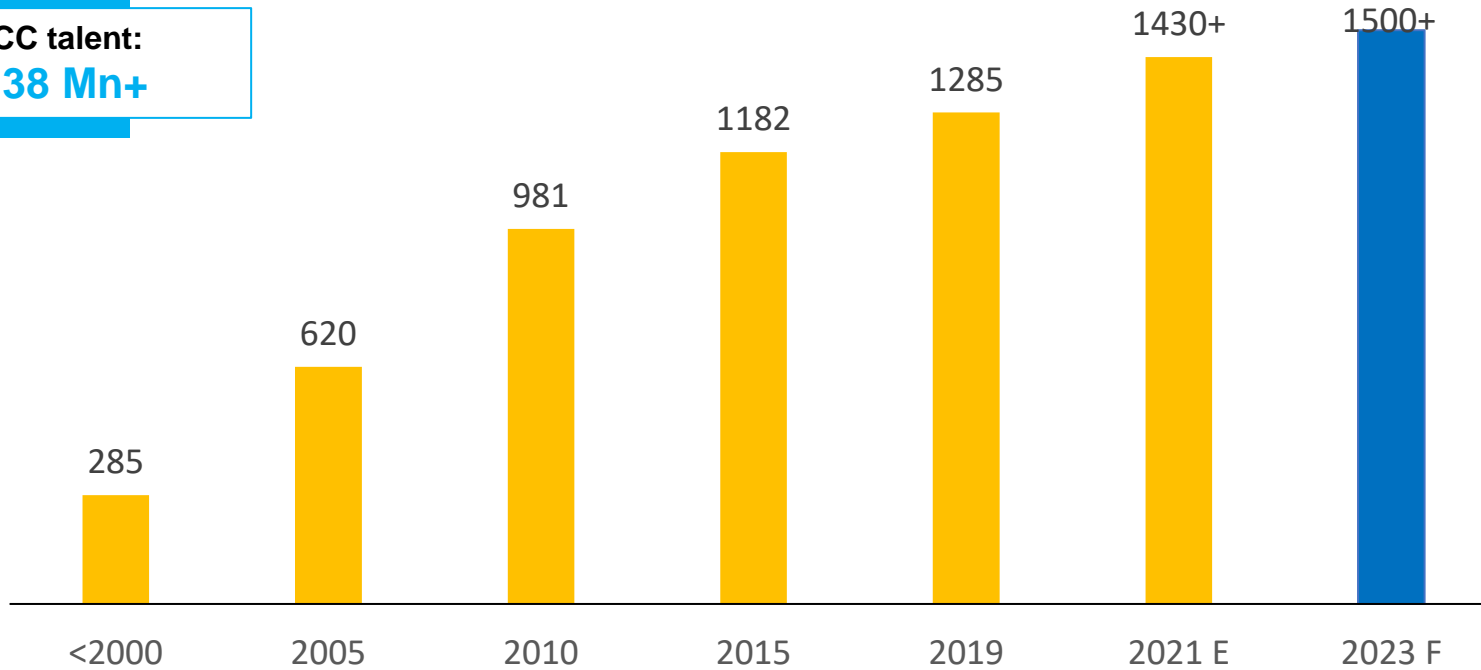
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The increase in the number of GCoEs establishing in India over the last two years is a testament to the rich ecosystem present,

MNCs:
1430+

GCC talent:
1.38 Mn+

GCC Evolution in India

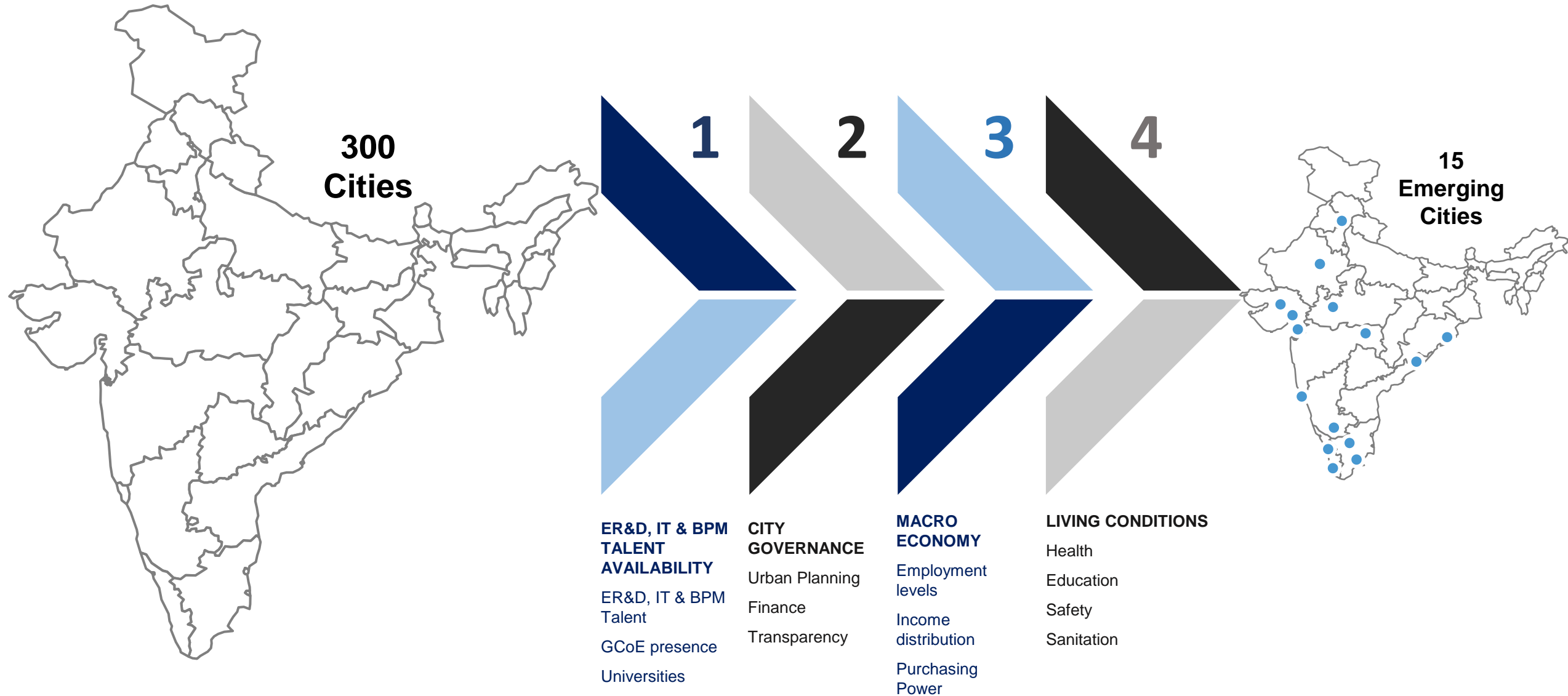


Key Insights

- Availability of digital talent, maturity of the startup and peer-GCoE eco-system are among the major drivers for choosing India
- ~140+ MNC's have set-up there GCoE centers in India between 2019 and 2021
- Zoom, Slack, PepsiCo, Tesla, Github, Apptio are among the MNCs which have established centers in India in the recent years
- However, this growth and expansion will also lead to an increased war for talent. Most GCoEs have already started reporting significantly higher attrition numbers as compared to the pre-pandemic era



Key aspects analyzed include Quality of Life, Macro economic parameters and City Planning & Governance to shortlist the current list of 15 cities for the study



The framework for comparative study is based on City Attractiveness, Ease of Operations, Cost index, Talent Availability and Migratability



01 City Attractiveness

Illustrates how a city performs on non-monetary factors that enable smooth operations

02 Ease of Operations

Represents factors directly affecting initiation and continuity of business operations

03 Talent Availability

Captures talent available for hiring in each of the cities at various experience levels and functional roles

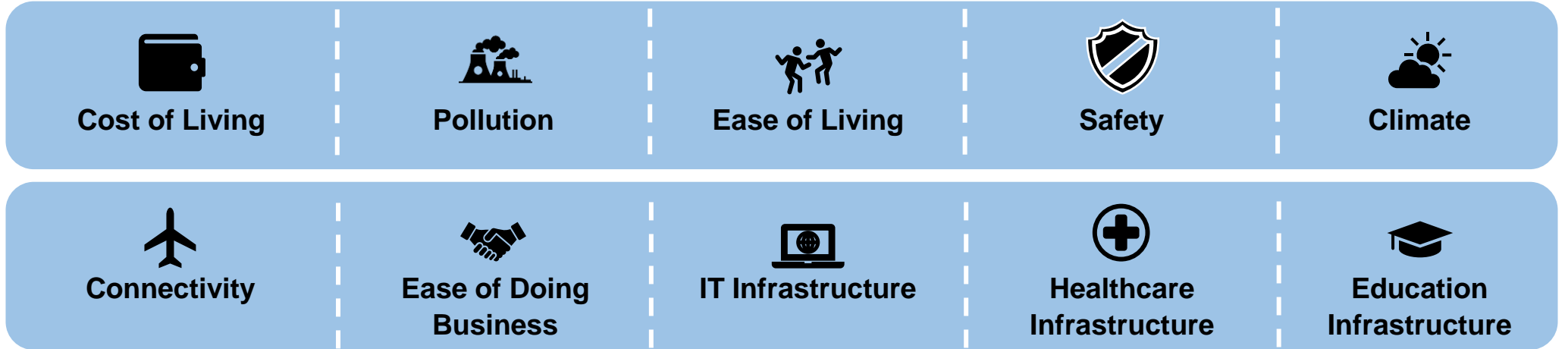
04 Migratability

Captures prospective talent ready to migrate to the city for good opportunities

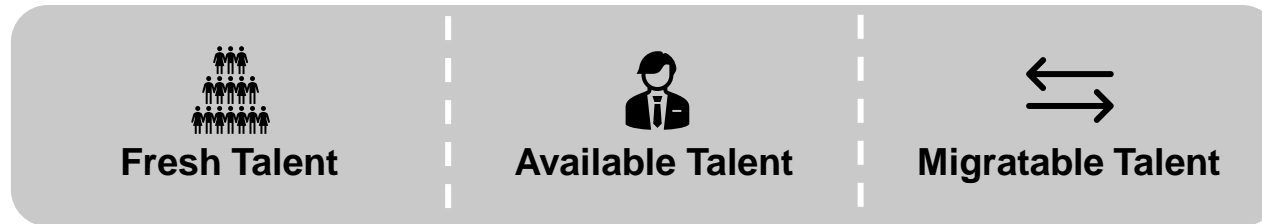
05 Cost Index

Demonstrates cost analysis of each city for facilitating cost effective decision

City Attractiveness

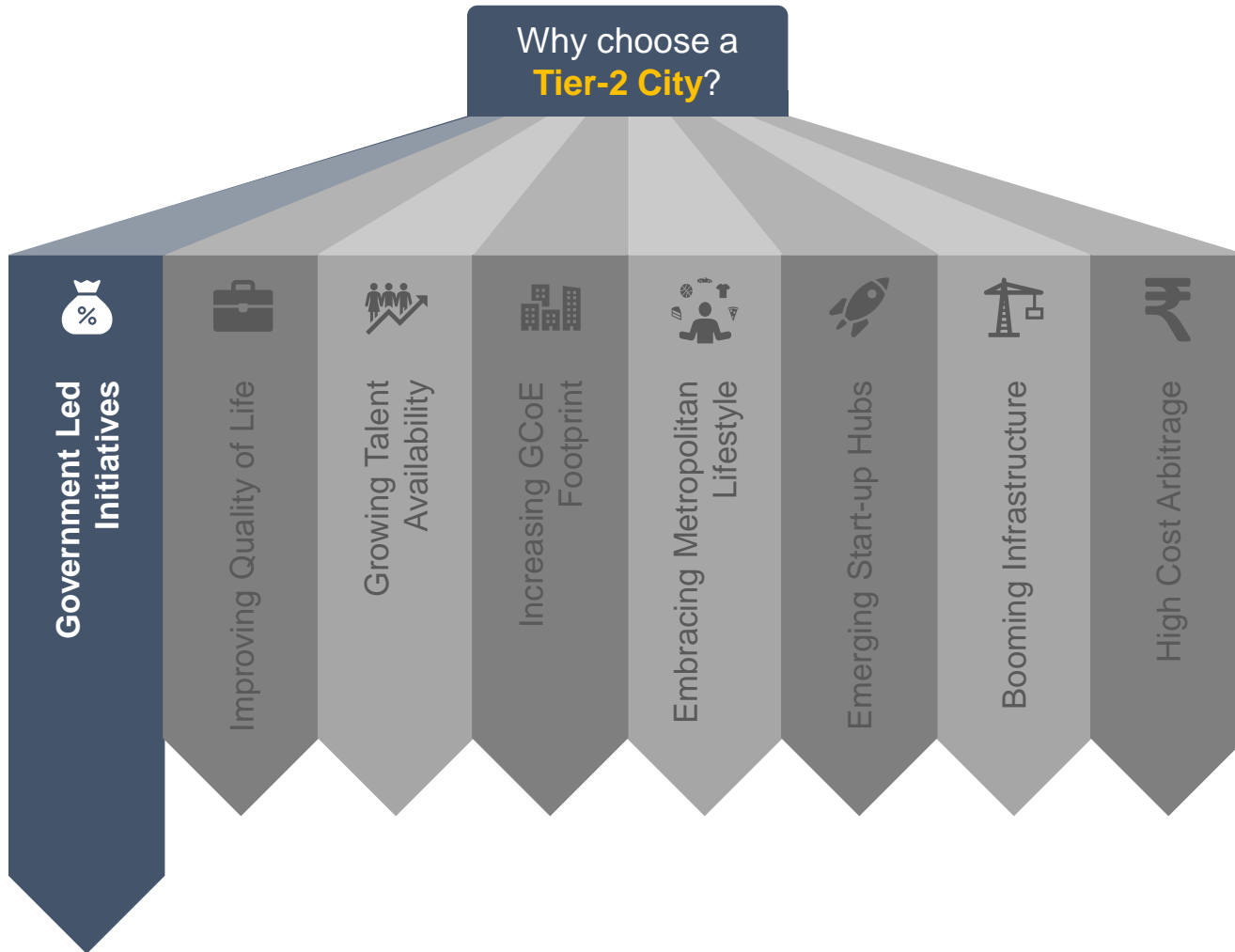



Talent Availability



Cost Index



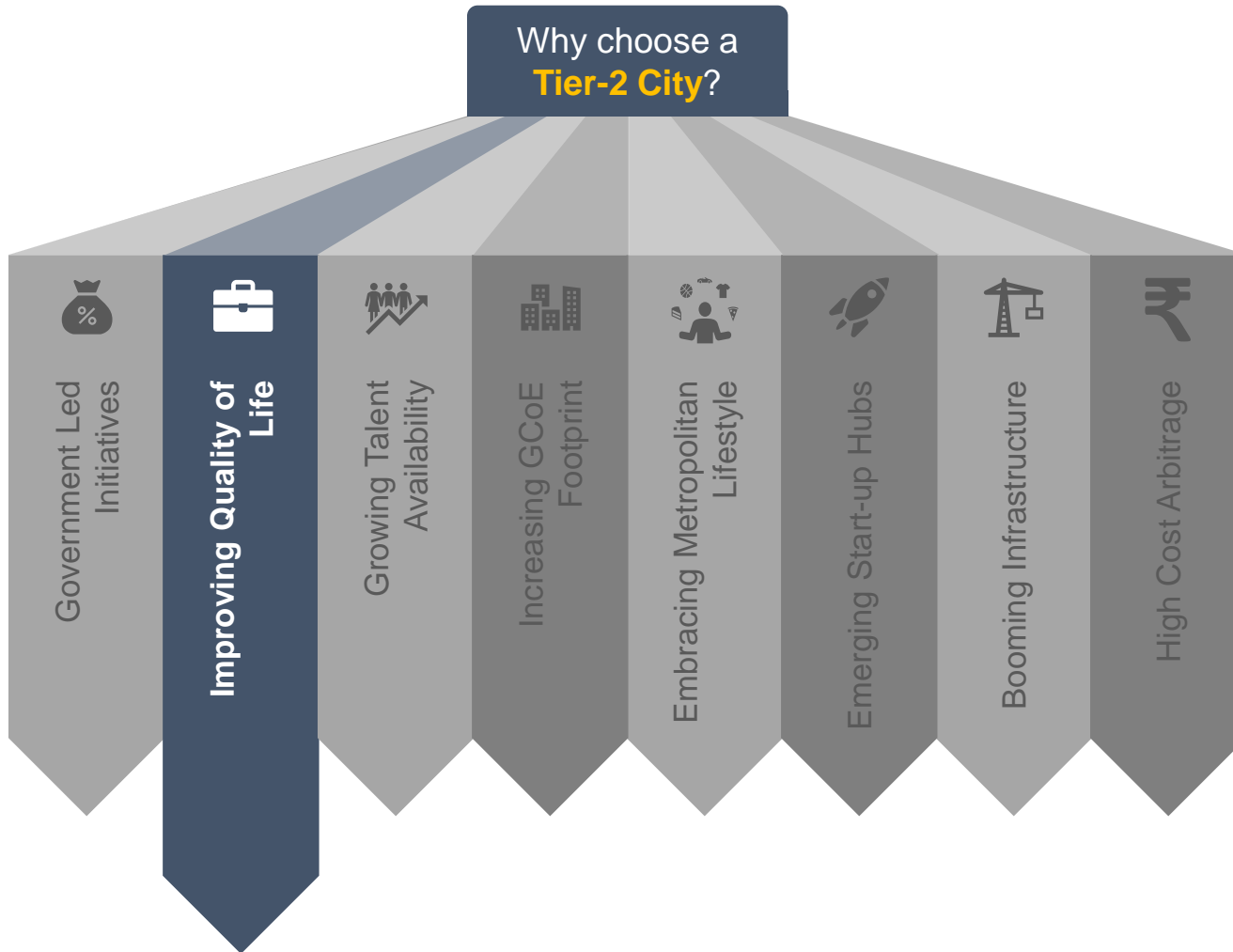


 **Government Led Initiatives**

Beyond Bengaluru

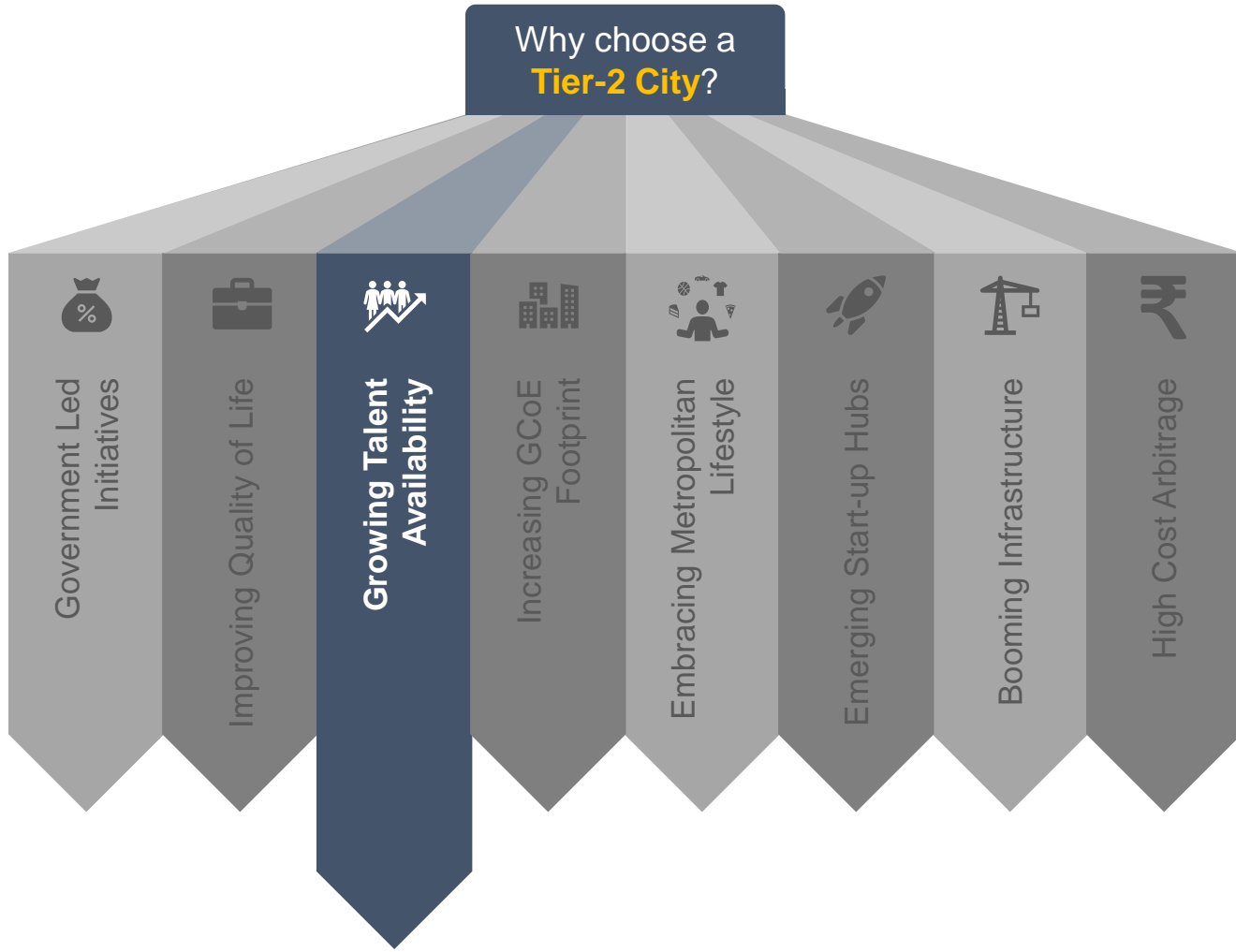
Gift City Gujarat


Fintech Valley Vizag



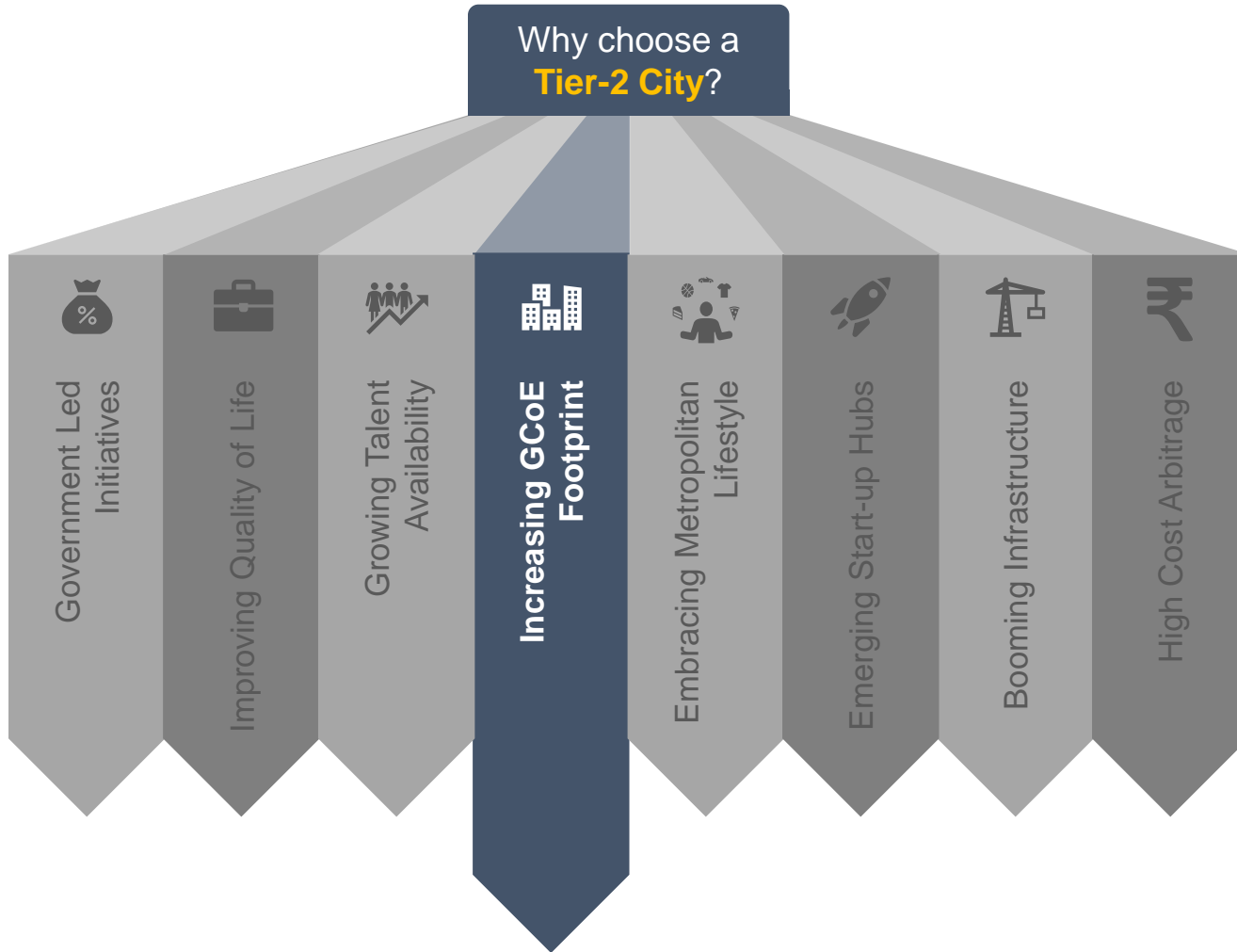
Improving Quality of Life

5 of the top 10 cities in the ease of living index this year are Tier 2 cities



 **Growing Talent Availability**

2 Million+



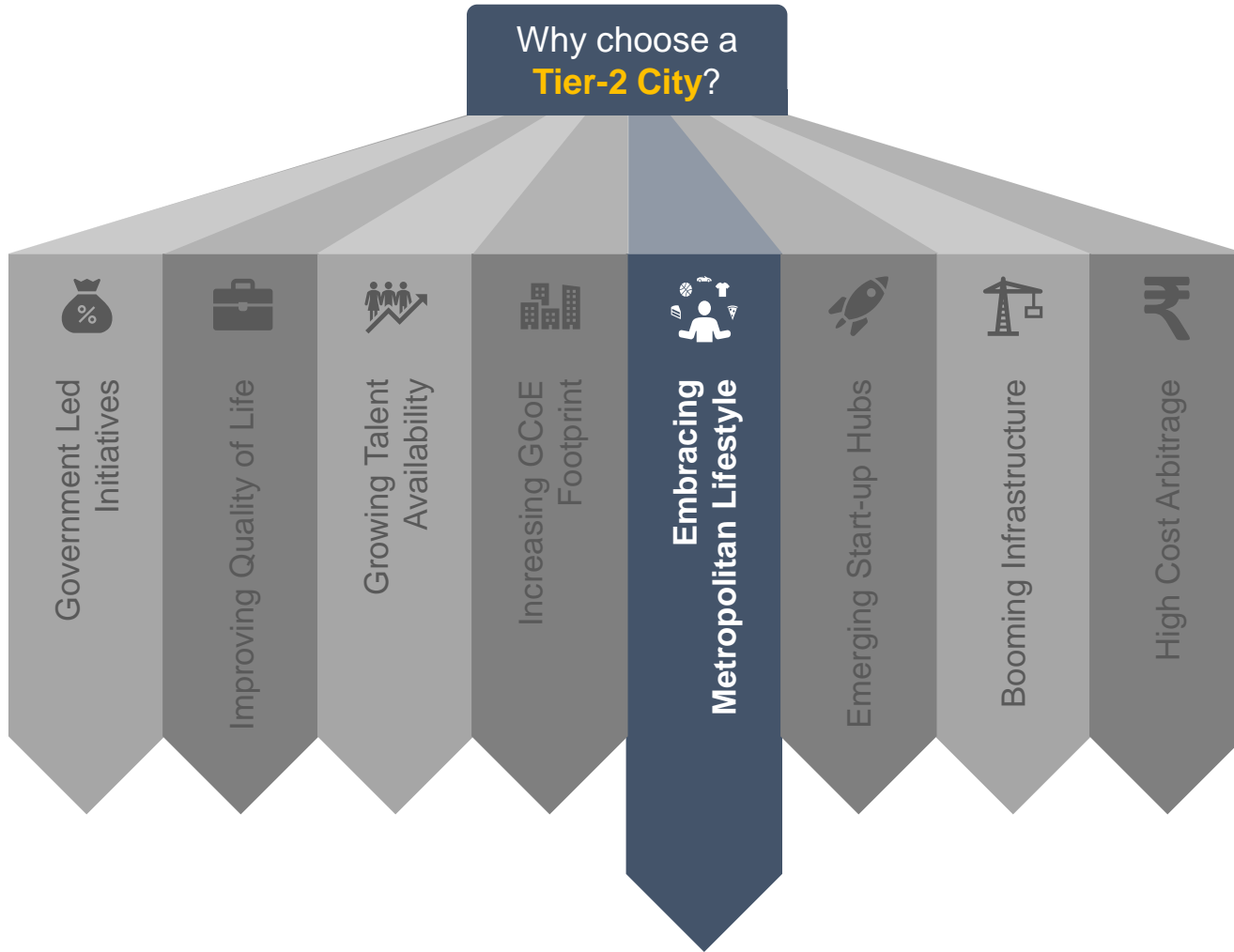
Increasing GCoE Footprint

SGX

standard chartered

HSBC

mastercard

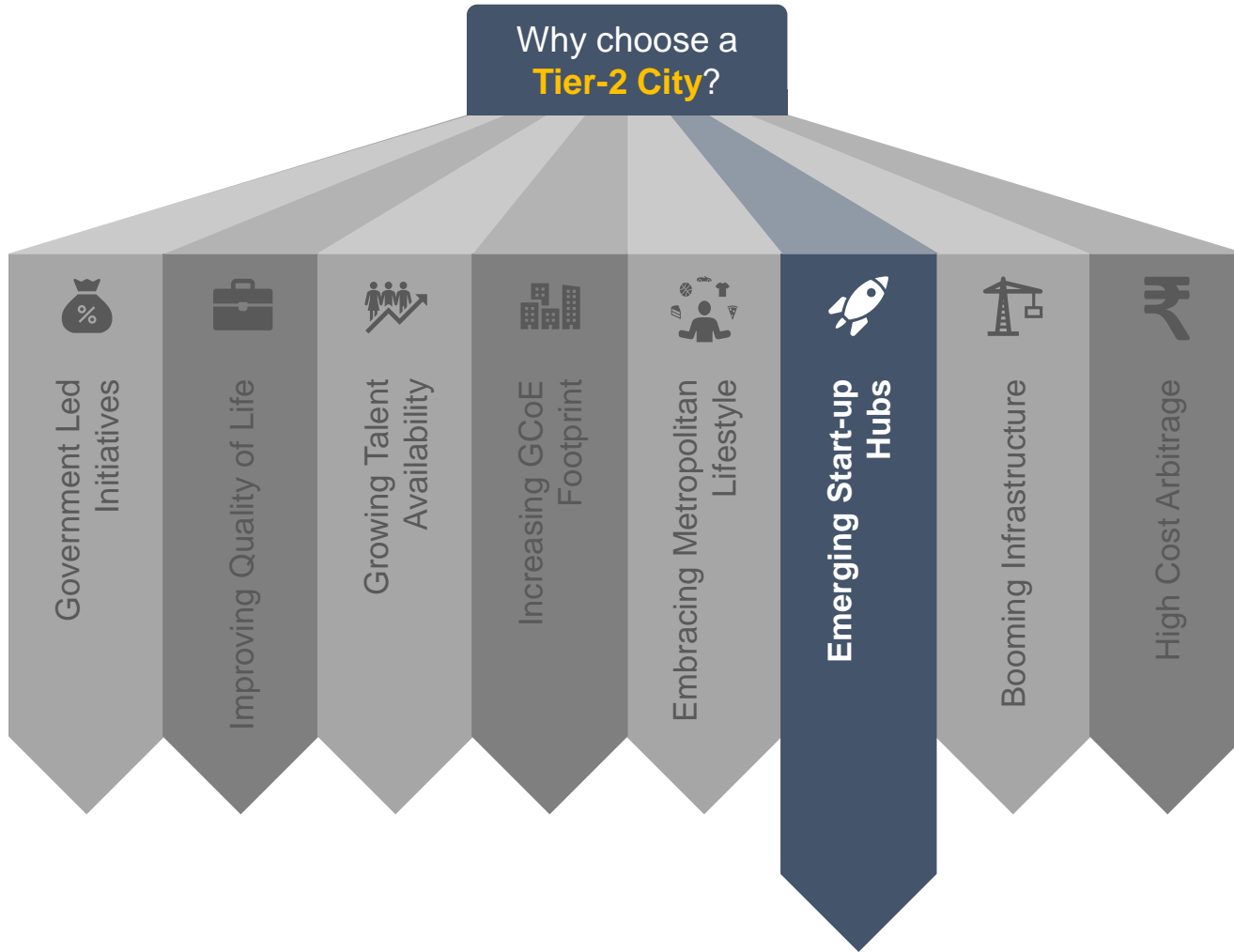


Embracing Metropolitan Lifestyle

Digital India Initiative

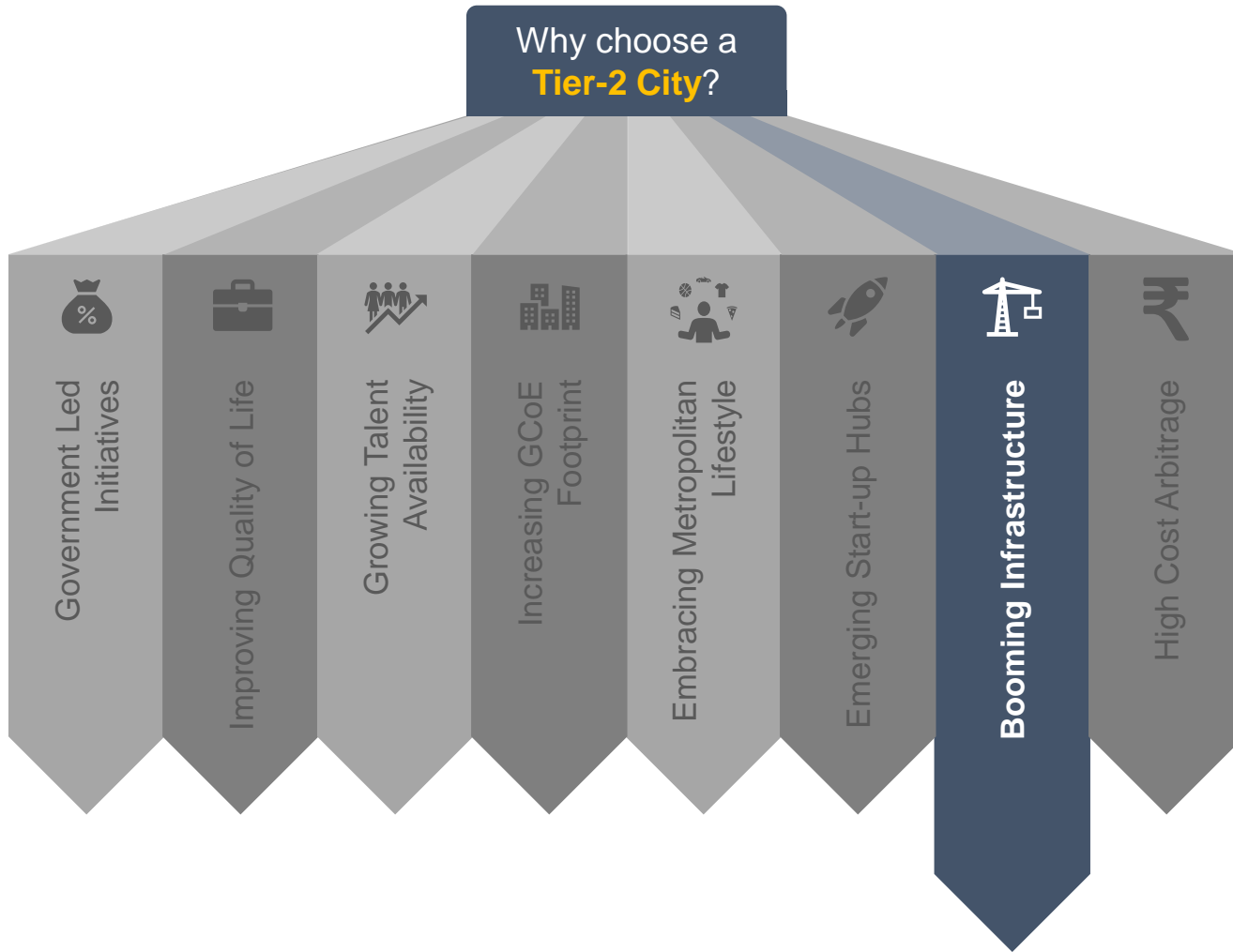
Hospitality


Retail & Entertainment



Emerging Start-up Hubs

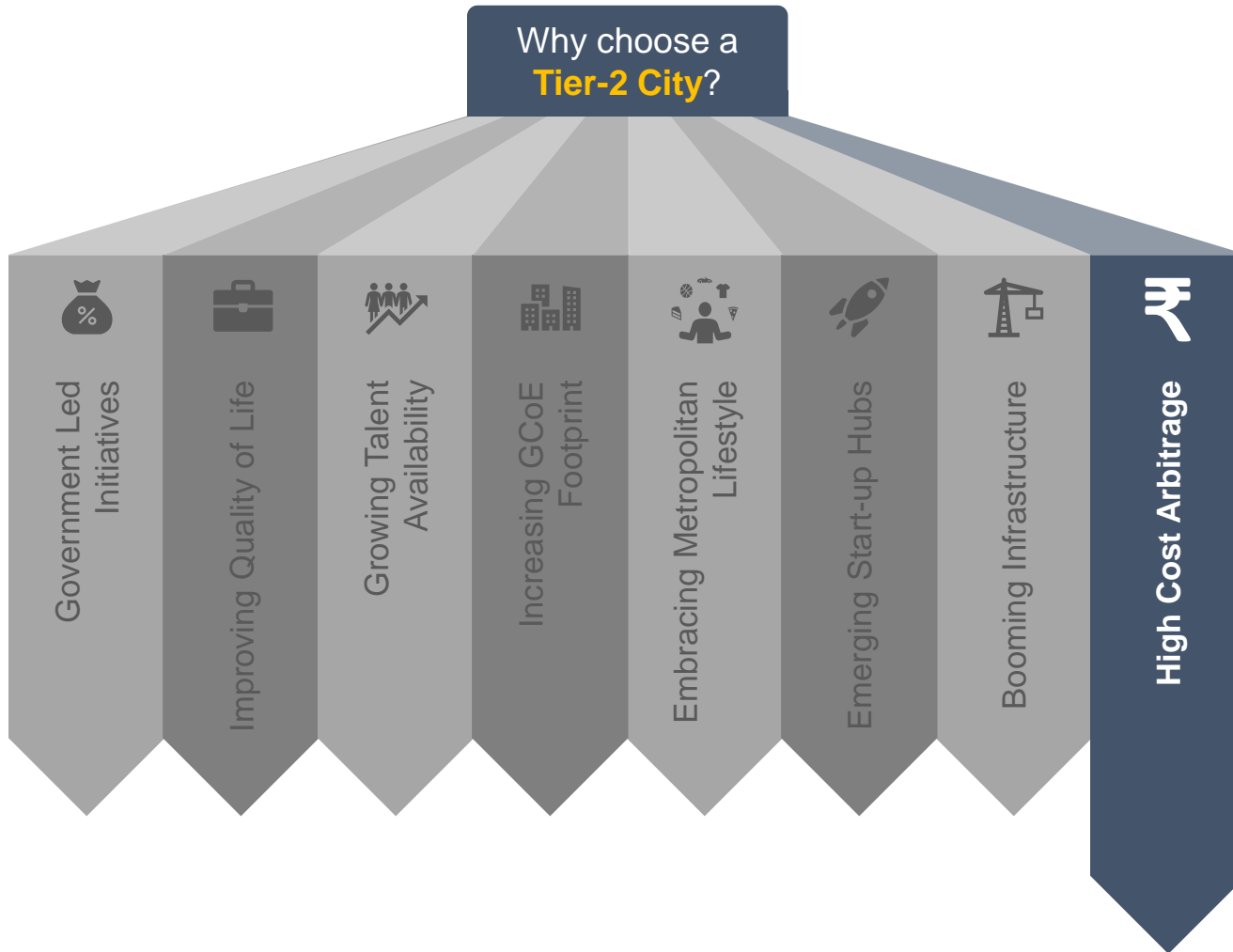
1500+
Start-ups



 **Booming Infrastructure**

Smart City Initiative

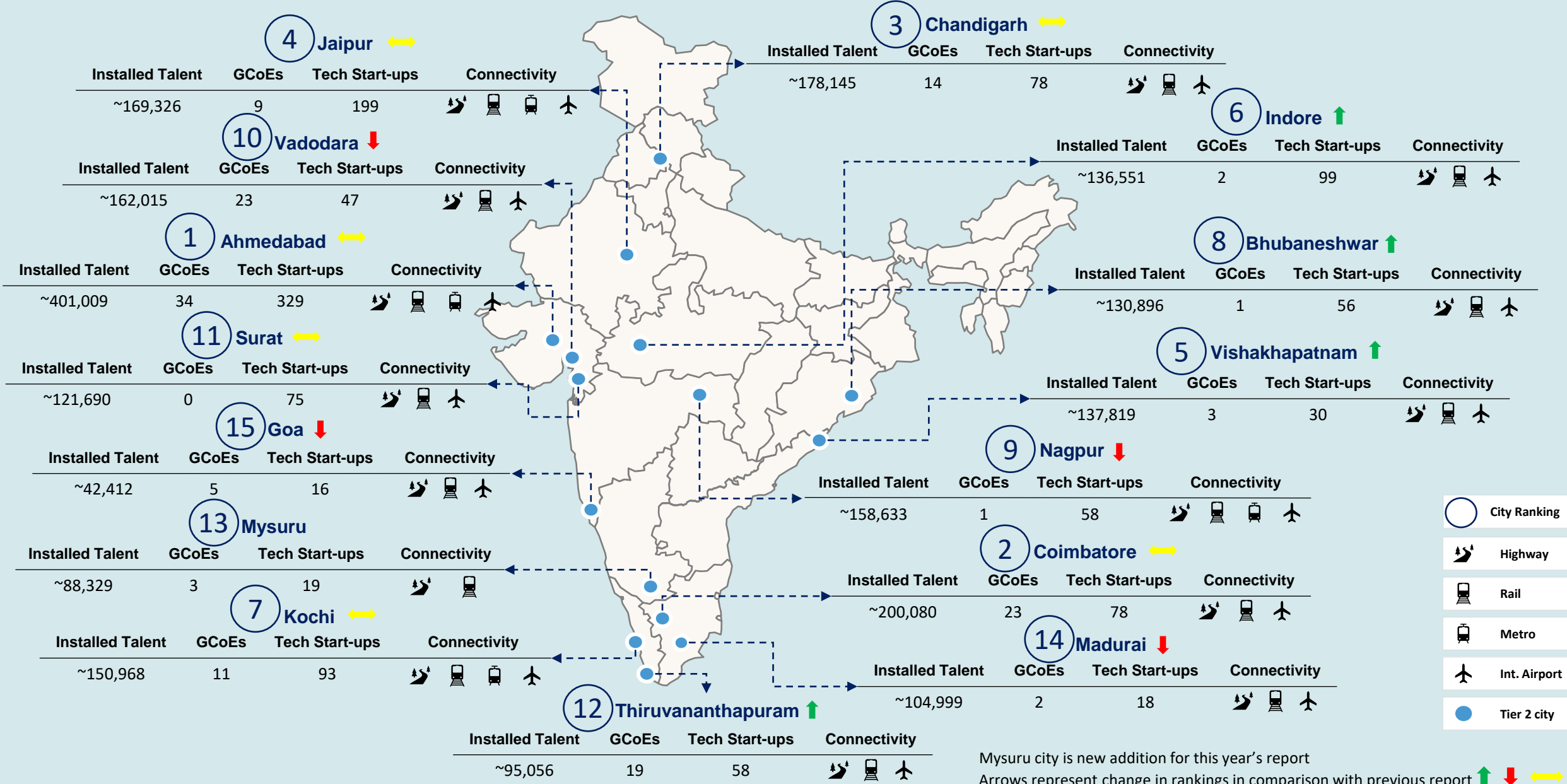
Mushrooming co-working spaces

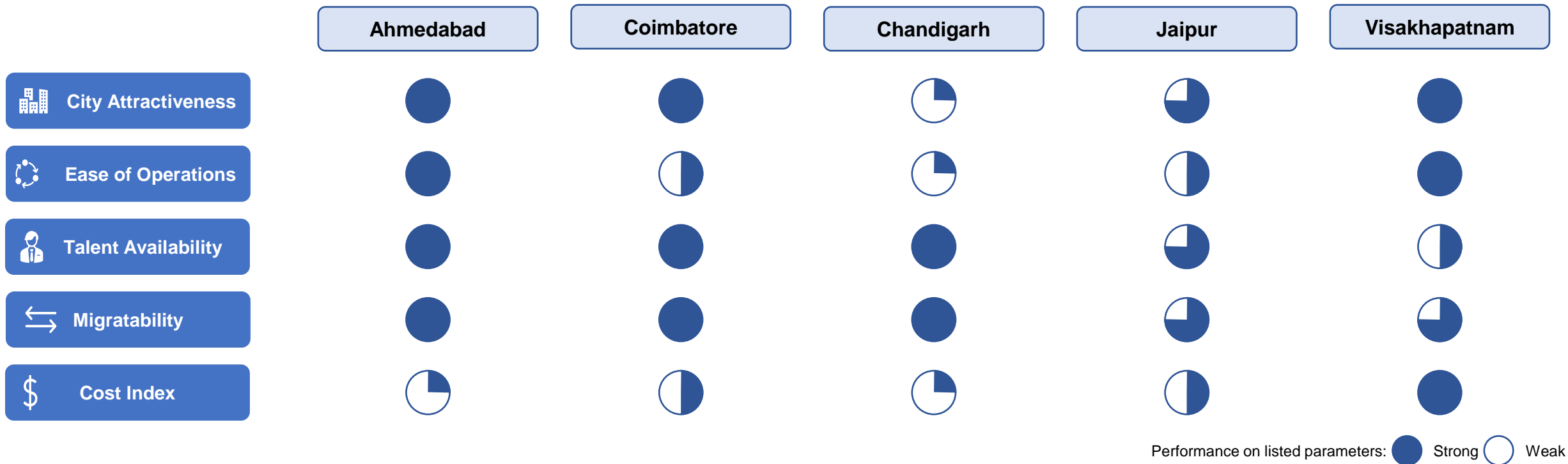


₹ High Cost Arbitrage

15-50% Lower Talent Cost

Up to 50% Lower Infrastructure Cost





Key Insights

- Ahmedabad** : Many new centers have been set up since the last two years at GIFT city near Ahmedabad, some even during the pandemic including names such as Standard Chartered, HSBC etc. Government has also announced additional tax incentives to the GIFT city initiative this year boosting Ahmedabad's case as a developing fintech hub
- Coimbatore** : Fresh talent availability of Coimbatore far exceeded any other city in the list, assisted by the highest availability of engineering colleges making it the top city when skilled talent availability is concerned
- Chandigarh**: Chandigarh enjoys a favorable migratability quotient as it is the northern most city with IT/R&D/BPM work with perspective employees coming from states such as Punjab, HP, UK, Haryana and erstwhile J&K. Infosys also announced plans to set up its center at IT city in Mohali this year
- Jaipur**: Jaipur emerged as the top city for Finance and Accounting talent. The state government is also making plans to tap this talent with an initiative like Fintech city
- Visakhapatnam**: Visakhapatnam has broken into the top 5 ranking this year due to its improved performance in city attractiveness and ease of doing business. It is also expected to become a key city in the Andhra Pradesh government's future plans, which include making it the executive capital of the state

Emerging Lifestyle

- E-commerce volume growth in Tier-2 cities outpaced Tier-1 cities last year. Similar trends have been observed in other areas of online services indicating an increasing penetration of digital services to Tier-2 cities. In fact, even before the pandemic players such as Amazon were witnessing massive increase in traction from Tier 2 cities
- Better entry prices, flexibility and investment prospects have made real estate prices bounce back in Tier-2 cities faster as compared to Tier-1 cities

Emerging Start-up Ecosystem

- New startups in general and healthcare and wellness star-ups in particular have emerged solving wide ranging problems that emerged due to Covid-19
- Startups in emerging cities have expanded their slate of offerings after an initial slump by pivoting their business towards digital services with the increase in the demand for online products due to the pandemic

Increasing Talent Availability

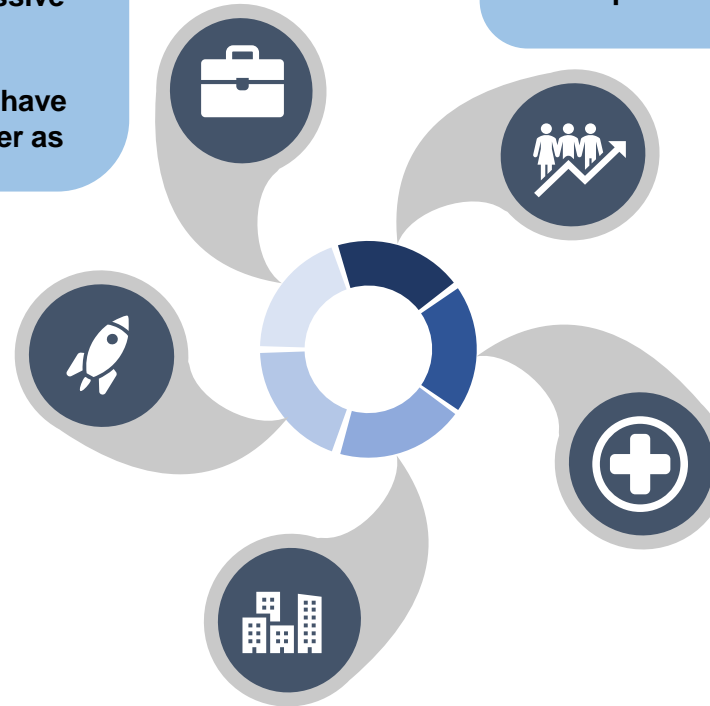
- Reverse migration has increased talent availability in Tier-2 cities, with an increased willingness of the new available talent to stay back in Tier-2 cities owing to the uncertainty of the evolving pandemic situation as well proven infrastructure to manage work

Access to better Healthcare and overall Wellbeing

- Majority of Tier-2 cities have performed better in terms of vaccination of residents as compared to Tier-1 cities

Increasing GCoE/Service Provider Footprint

- Several companies such as Standard Chartered, HSBC, Citibank, Mastercard etc. announced new setup and investment plans in emerging cities during the pandemic
- Similarly, Service Providers have also announced plans to open/expand centres in these emerging cities



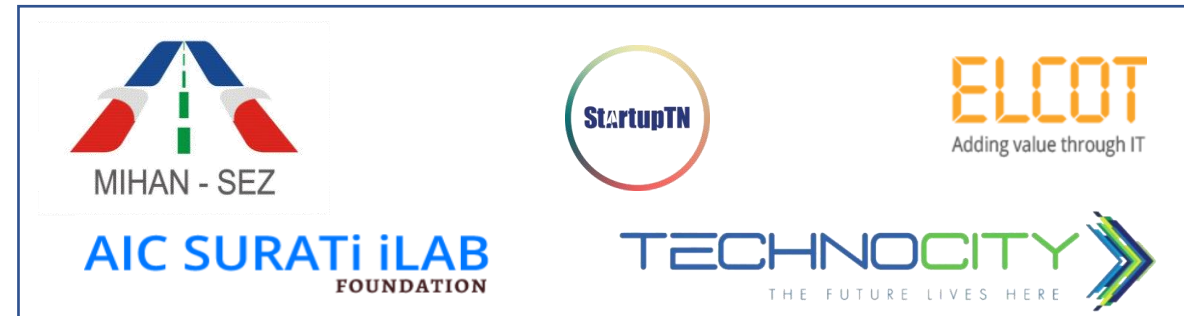
New Setups & Expansion announcements from Multinationals and State Government initiatives have ensured continued interest in Tier-2 cities during the pandemic

Industry Setup/ Expansion plans

- **Mastercard** announced plans for expansion of their Vadodara center in 2020 as a part of its plan to invest US\$ 1 Bn. in India in the next 5 years towards expansion and setting up new capabilities
- Several companies such as **Standard Chartered, HSBC, Singapore Stock Exchange** etc. have opened offices during the pandemic at GIFT City near **Ahmedabad**. CitiBank got in principal approval to set up office in the upcoming SEZ at Gift City
- **In 2021, Infosys** announced plans to expand operations by setting up a centre in IT city at **Mohali**
- **Schlumberger** continued with its expansion plans in the middle of the pandemic in Coimbatore as part of its business continuity management
- **Adani Group in Nov 2020** received in-principal agreement to set up a Data Centre park in **Visakhapatnam** at a cost of ~\$198 million in November 2020

Government initiatives and ecosystem response

- The Kerala government announced plans to attract investments for the **Technocity** project in **Thiruvananthapuram**, it also approved a proposal by TCS in Feb-21 to invest up to Rs1500 crore in the upcoming technology park.
- After the setup of **Startup TN** by the Tamil Nadu government in 2019 under its Startup & Innovation policy, it also decided to fund startups and incubators anywhere between ₹25 lakh and ₹50 lakh each under the **Tamil Nadu Startup Seed Grant Fund (TNSSGF)** in 2020. This strengthened the government's commitment to create 5000 technology start-ups and infrastructure support on areas like AI, ML, IoT, SaaS etc. by 2023
- BPO and IT sectors in **Visakhapatnam** managed to generate more than 10k jobs in 2020 due to adequate government support during the pandemic. A company named Patra BPO even shut down its Bangalore operations to shift to Visakhapatnam during the lockdown
- Several IT parks like the **MiHAN SEZ (Nagpur) & ELCOT (Madurai)** have announced new timelines for completing ongoing projects at the earliest



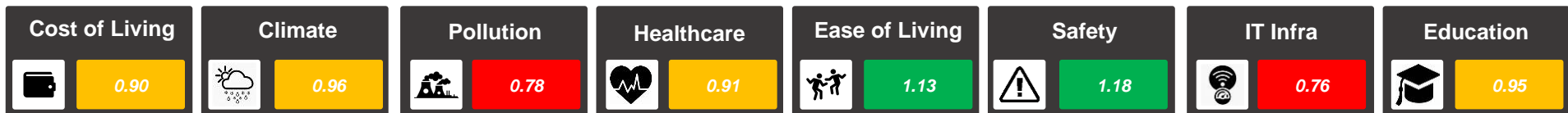
An aerial, high-angle photograph of a dense urban skyline, likely New York City. The image is dominated by numerous skyscrapers of varying heights and architectural styles. In the center, the Empire State Building stands out prominently with its iconic Art Deco spire. To the right, a modern building with a distinctive, angular, glass facade is visible. The sky is filled with soft, grey clouds, suggesting an overcast day. A semi-transparent blue horizontal banner is overlaid across the middle of the image, containing the text "Emerging City Deep Dive" in a bold, black, sans-serif font.

Emerging City Deep Dive

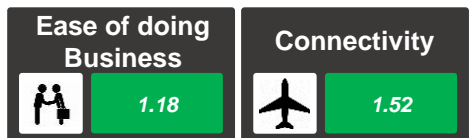


Rank	Parameters	Description
3 rd	City Attractiveness	Ahmedabad ranks first among the 15 cities studied in the Ease of Living Index, and is placed 3 rd overall in city attractiveness
2 nd	Ease of Operations	Gujarat continues to be present in Top 3 states with Ease of Doing Business since 2015 due to its business friendly policies
1 st	Talent Availability	Ahmedabad tops Tier-2 cities in talent availability with an available pool of 401K
1 st	Migratability	Ahmedabad is at the top with regards to migratability with 114K people willing to move to the city for work
13 th	Cost Index	Ahmedabad ranks very low on cost index due to increasing rental costs and living expenses

City Attractiveness



Ease of Operations



A higher number on the Index indicates a better performance of the city on the given parameter
 City scores between 0.9 and 1.1 are taken to be 'On par with average (top 15 cities)'.

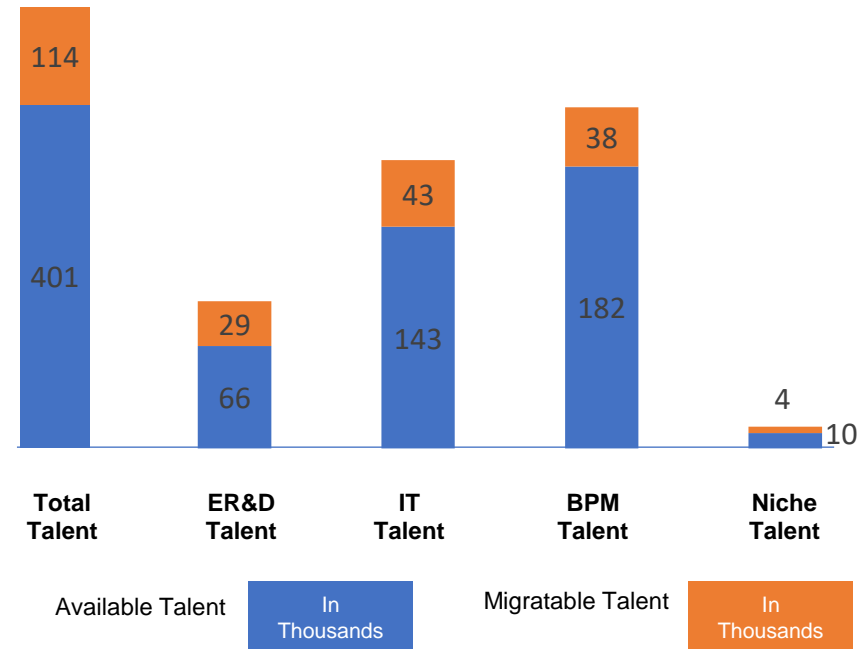
Relative comparison with average of top 15 cities

Better
On Par
Worse

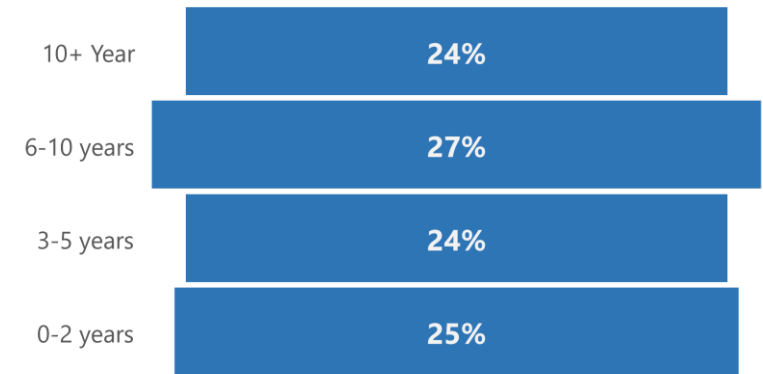
Key Highlights

- Ahmedabad has the **highest migratable talent** in the 15 emerging cities studied, indicating high willingness of people to migrate to Ahmedabad as compared to other Tier-2 cities
- The city ranks **1st** in **Connectivity Index** among the 15 cities included in this study. International connectivity includes Middle East, London and Singapore. Domestic connectivity is extensive, covering all major cities and most of Tier-1 and Tier-2 cities of the country
- Ahmedabad is the **safest city**, ranking **1st** among the 15 Tier-2 cities as per the **safety index**
- Ahmedabad has jumped one spot from 6th to **5th** place this year in the Overall India **Swachh Bharath Abhiyan Ranking**
- Ahmedabad has the **highest Niche skill talent** pool of **~10K** compared to other emerging cities. 60% of this talent has less than 5 years of work experience
- Ahmedabad ranks second only to Vadodara for experienced talent, with more than **50%** of the talent pool in Ahmedabad having **>5 years of experience**

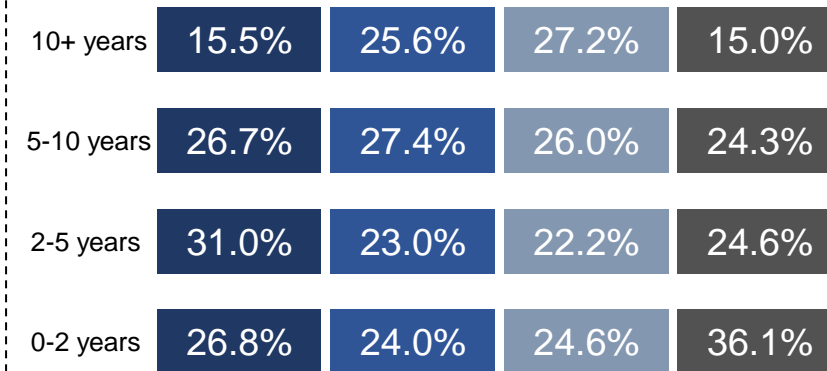
Total Talent



Experience Pyramid for Available Talent



Experience Split by Vertical



Legend

ER&D

IT

BPM

Niche



Rank	Parameters	Description
2 nd	City Attractiveness	Coimbatore has improved its Ease of Living Index rank from 4 th position previously to 3 rd position by improving waste water management and other infrastructure issues
10 th	Ease of Operations	Although there is slight improvement in Ease of Doing Business from 11 th to 10 th , Coimbatore ranks low on this parameter due to political instability in the region
2 nd	Talent Availability	Coimbatore ranks first among the South Indian Tier-2 cities in talent availability & second overall among the 15 Tier-2 cities considered
2 nd	Migratability	About 83K skilled workforce is willing to move and work in the city, the second highest on the Migratable Talent Index
11 th	Cost Index	Coimbatore ranks 11 th in cost index out of the 15 cities considered due to higher rental costs as compared to others

City Attractiveness



Ease of Operations



Relative comparison with average of top 15 cities

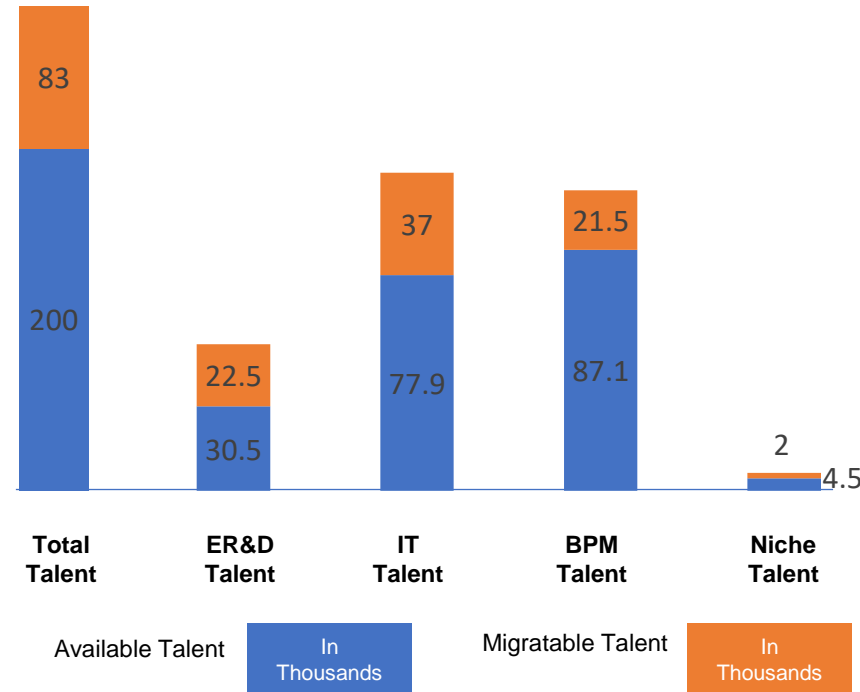
Better **On Par** **Worse**

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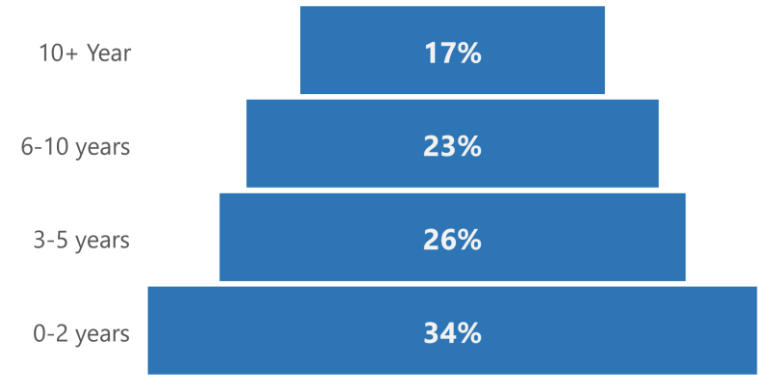
Key Highlights

- Coimbatore ranks **2nd** in **available talent** as it has the **highest number of engineering colleges** compared to other 14 Tier-2 cities considered in this report
- Coimbatore has improved its ranking in **city attractiveness** index from 7th position to **2nd** position among the 15 Tier-2 cities studied here
- Along with the improvement on the city attractiveness, there is a rise in talent migrating to the city making Coimbatore rank **2nd** in **migratable talent**
- Coimbatore is the **2nd** leading city for producing software in Tamil Nadu. With the launch of technical parks like **TIDEL and KCT**, Coimbatore has been an attractive destination for tech companies
- Coimbatore has vast engineering talent and is often referred as the **“Pump city of India”**, as it supplies nearly 50% of India’s requirement of motors & pumps & it houses major motor pump brands
- The city has a constant supply of fresh talent owing to multiple engineering colleges in and around the city limits. In fact, a lot of talent from the city is currently hired by companies in Bangalore and Chennai
- Coimbatore ranks **11th** in **connectivity index** among the cities studied here, however the city is well connected by air, road & rail to other major cities in south India. This makes commuting and sourcing talent easier

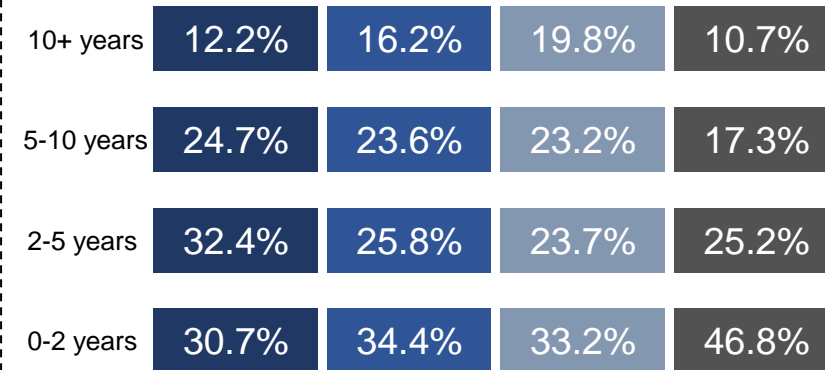
Total Talent



Experience Pyramid for Available Talent



Experience Split by Vertical



Legend

ER&D

IT

BPM

Niche



Rank	Parameters	Description
15 th	City Attractiveness	Chandigarh ranks very low on this parameter due to higher pollution levels, low connectivity index rank & detreating ease of living ranking from 1 st to 13 th rank
13 th	Ease of Operations	Chandigarh remains at 29 th position in Government released 2019 Ease of Doing Business rankings and is 13 th among the Tier-2 cities studied here
3 rd	Talent Availability	Chandigarh ranks 3 rd in talent availability due to a large presence of engineering colleges in and around the city
3 rd	Migratability	More than 80K people are ready to move to Chandigarh because of its high standard of living, Chandigarh was also the first planned city in India post Independence
14 th	Cost Index	High rental costs affect Chandigarh's rank in Cost Index among the 15 Tier-2 cities

City Attractiveness



Ease of Operations



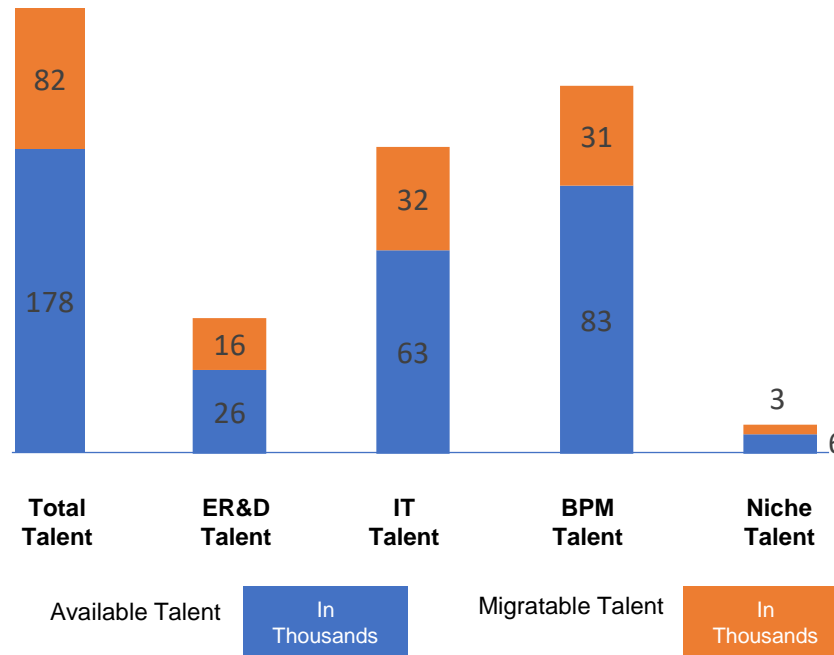
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Relative comparison with average of top 15 cities

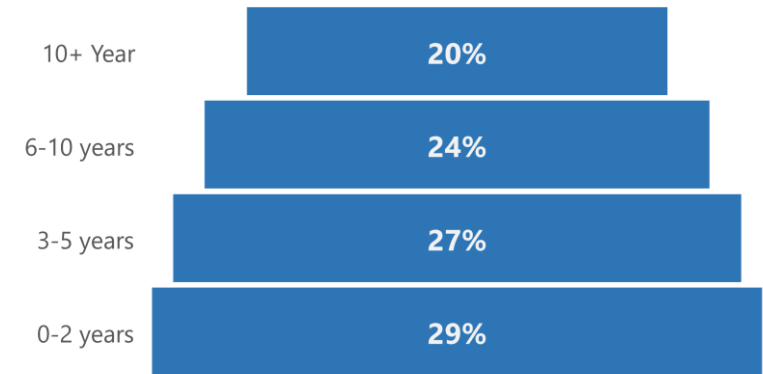
Key Highlights

- Chandigarh ranks **1st** among the 15 Tier-2 cities compared here in **Health Index** due to a strong academic medical system – number of hospitals, medical colleges in & around the city
- Chandigarh has improved its rank to **8th** in **Swachh Bharath Abhiyan** Cleanliness ranking for cities with more than 10 lakh population
- Chandigarh ranks **2nd** in **Education Index** because of the presence of a strong education system with good number of schools, colleges, universities, research institutes in and around the city
- Chandigarh ranks **12th** in **connectivity index** among the 15 Tier-2 cities studied here due to low international flight connectivity. The connectivity is limited to middle east
- Migratable talent** for Chandigarh is **~50%** compared to the total available talent, indicating that a lot of people are looking to move to Chandigarh. Majority of these comprise of people who have moved out of Chandigarh and nearby cities after their education in search of better opportunities
- In terms of **Niche Talent**, Chandigarh **rank 2nd** only to Ahmedabad in the top 15 Tier 2 cities

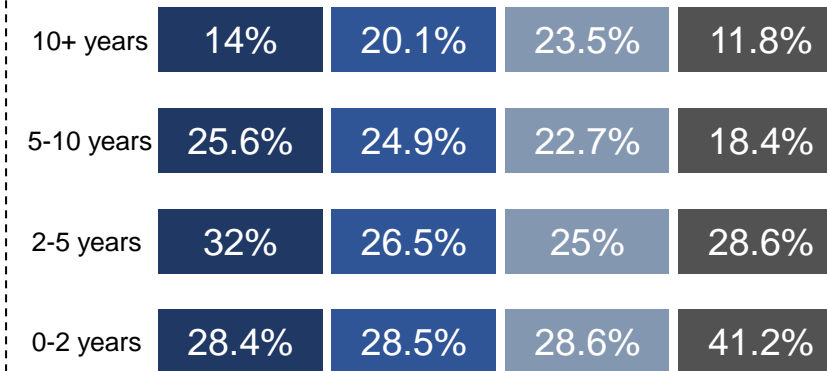
Total Talent



Experience Pyramid for Available Talent



Experience Split by Vertical



Legend

ER&D

IT

BPM

Niche



Rank	Parameters	Description
4 th	City Attractiveness	Jaipur ranks 4 th in City Attractiveness due to safety as well as connectivity
7 th	Ease of Operations	Government of Rajasthan is committed to promote the Ease of Doing Business by introducing Advanced Single Window Clearance Portal to facilitate businesses in the state
4 th	Talent Availability	Jaipur ranks 4 th in talent availability due to multiple companies leveraging the city to support its IT and BPM operations
9 th	Migratability	Jaipur ranks 9 th in talent migratability out of the 15 cities, high pollution levels and unfavorable climate are some of the hindrances that prevent talent from migrating to Jaipur
10 th	Cost Index	Jaipur has improved its ranking from 12 th place to 10 th in cost index compared to last year mainly due to higher rental costs in other Tier-2 cities

City Attractiveness



Ease of Operations



Better On Par Worse

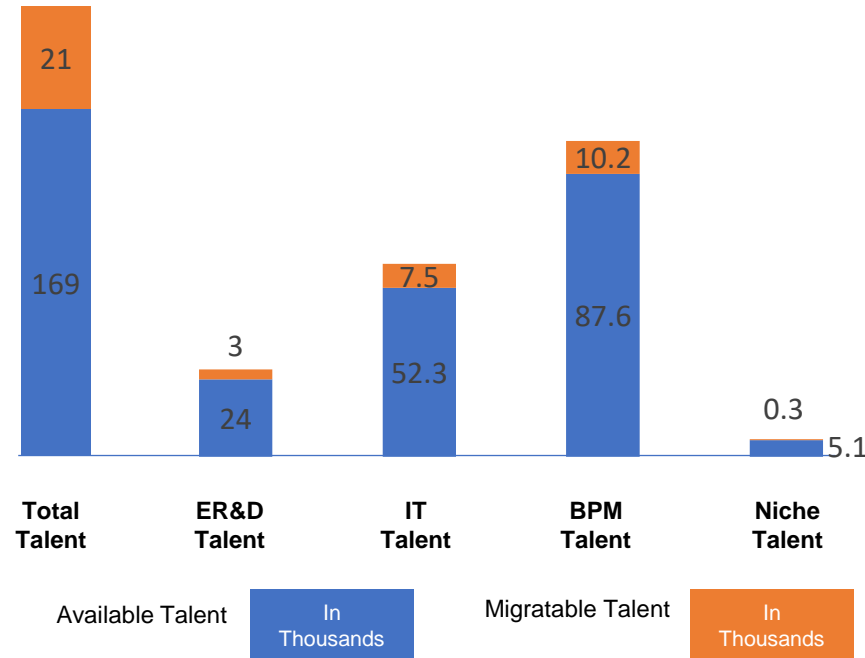
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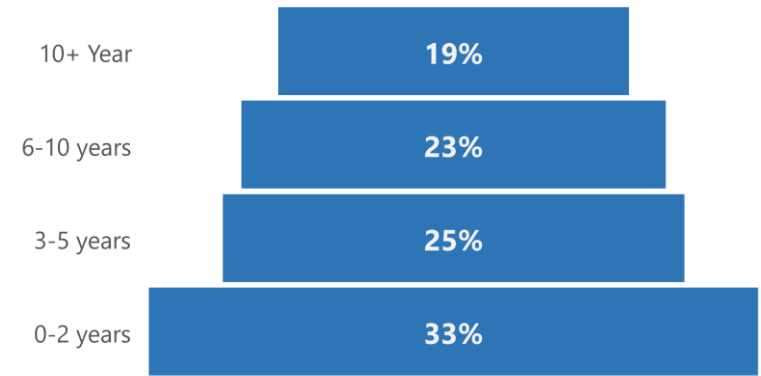
Key Highlights

- Jaipur ranks **3rd** in the **Available Talent Index** due to a surge in IT companies and start-ups opening their offices after the declaration of SEZ Zones in Jaipur. Companies like **Genpact, Coca Cola, Ericsson** are among the companies that opened offices here
- Jaipur has gone up from 4th to **3rd** place in **connectivity index** as it is well connected by a great road network, rail network & an International Airport
- Jaipur is well connected by International flights as it is one of the major tourist destination
- Jaipur has jumped 16 places from 44th position to **28th position** in the latest **Swachh Bharath Abhiyan** rankings
- Jaipur ranks **last** among the 15 Tier-2 cities on **Pollution Index**, PM2.5 level for Jaipur is “Extremely High’ & water pollution is also high in the region
- Jaipur ranks **3rd** among the 15 Tier-2 cities on the **Safety Index**, highlighting a safe working environment for working professionals
- As much as **1/3rd** of talent in Jaipur has 0-2 years of experience highlighting a good supply of fresh graduates from the education ecosystem in and around the city

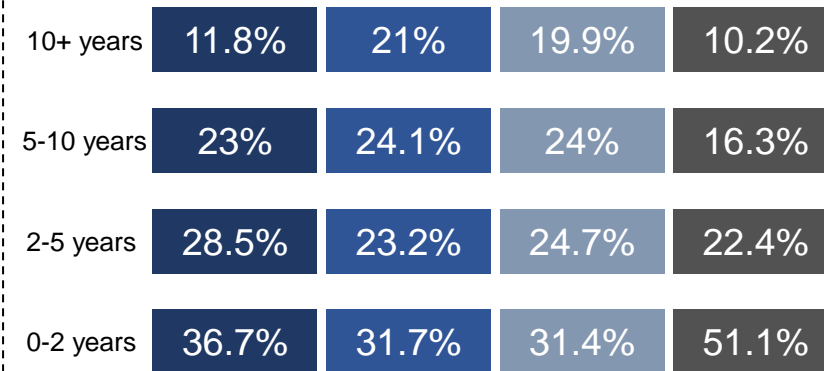
Total Talent



Experience Pyramid for Available Talent



Experience Split by Vertical



Legend

ER&D

IT

BPM

Niche



Rank	Parameters	Description
1 st	City Attractiveness	Visakhapatnam ranks 1 st in City Attractiveness due its low cost of living, lower levels of pollution and good internet services
1 st	Ease of Operations	Andhra Pradesh for the third time in a row has topped the ease of doing business ranking of states and Union Territories by DPIIT, Visakhapatnam is a very critical industrial city of Andhra Pradesh
8 th	Talent Availability	Visakhapatnam ranks 8 th on Talent Availability as almost half the talent in Visakhapatnam have their expertise in mechanical engineering because of a large amount of ship building and manufacturing activities in the city
7 th	Migratability	Visakhapatnam ranks 7 th among the 15 Tier-2 cities in Migratability Index, development of IT hubs and tech park projects by the government is expected to further boost migration of talent
2 nd	Cost Index	Visakhapatnam ranks 2 nd in Cost Index as the rental costs & daily expenses are low compared to other Tier-2 cities

City Attractiveness

Cost of Living 1.14	Climate 1.01	Pollution 1.45	Healthcare 1.07	Ease of Living 1.00	Safety 0.97	IT Infra 1.63	Education 1.02
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Ease of Operations

Ease of doing Business 1.18	Connectivity 0.99
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Better On Par Worse

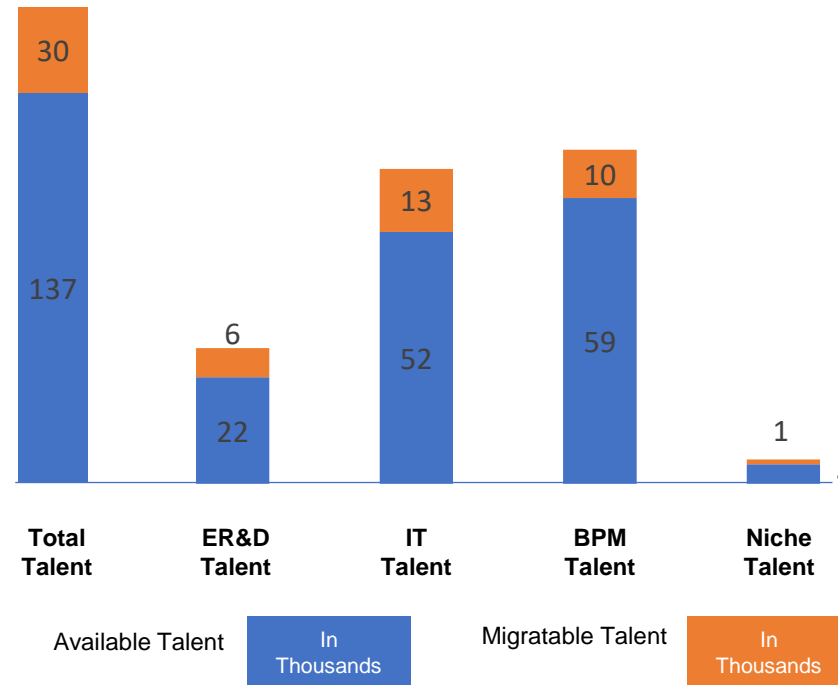
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Relative comparison with average of top 15 cities

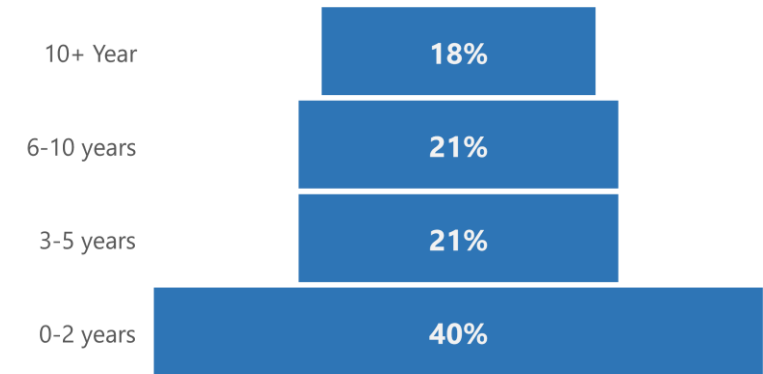
Key Highlights

- Visakhapatnam has jumped 14 places from 23rd position to **9th position** in the latest **Swachh Bharath Abhiyan** rankings and ranks 6th among the Top 15 Tier-2 cities in Cleanliness Index
- Visakhapatnam ranks **3rd** in the **Pollution Index** having considerably less values for both PM10 & PM2.5 as compared to other Tier-2 cities
- Visakhapatnam has dipped in **Ease of Living Index** rankings from 7th place held previously to **8th** place among the 15 Tier-2 cities, Visakhapatnam performed well in governance and infrastructure categories but lacked on education, healthcare, safety and economic parameters
- Visakhapatnam has a good supply of fresh talent in the city with **40% of available talent in the city having <2 years of experience**
- In terms of **Connectivity Index**, it ranks **9th**. Malaysia and Singapore are the international connections. Domestic connectivity includes Port Blair and Raipur besides other metro cities
- **MSME Technology Center** was recently launched in Visakhapatnam with an intention to extend support to the MSME units in the respective regions with a focus on improving access to technology, providing skill enhancing trainings, and offering support to the enterprises with higher growth potential

Total Talent



Experience Pyramid for Available Talent



Experience Split by Vertical

Experience Level	ER&D	IT	BPM	Niche
10+ years	12.9%	17.4%	24.1%	6.8%
5-10 years	19.4%	20.3%	22.3%	13.1%
2-5 years	24.2%	19.7%	20.6%	16.9%
0-2 years	43.5%	42.6%	33.0%	63.2%

Legend

ER&D

IT

BPM

Niche



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