

# 10 Most Competitive Cities

Realty Plus – Institute for Competitiveness report on best cities for living and doing business.

■ AMIT KAPOOR & SANDEEP SINGH



# CITY RANKINGS

	Ahmedabad	Bangalore	Chandigarh	Chennai	Delhi	Gurgaon	Hyderabad	Kolkata	Mumbai	Pune
<b>City Business Environment Index</b>	5	4	9	6	2	10	3	7	1	8
<b>Factor Conditions</b>	10	4	9	5	2	7	6	3	1	8
<b>Markets</b>	10	3	8	7	2	4	6	5	1	9
<b>Infrastructure</b>	7	9	8	5	2	3	6	4	1	10
<b>Education &amp; Knowledge Creation</b>	8	1	10	6	4	9	7	3	2	5
<b>Quality of Life</b>	6	9	1	7	10	2	5	8	3	4
<b>Demand Conditions</b>	5	7	6	9	2	10	3	4	1	8
<b>Demographics</b>	9	4	10	6	2	8	5	3	1	7
<b>Income Distribution</b>	7	9	4	6	2	8	5	3	1	10
<b>Spending Pattern</b>	2	5	4	6	7	7	3	10	9	1
<b>Context for Strategy &amp; Rivalry</b>	1	4	2	7	5	10	3	9	8	6
<b>Incentives</b>	1	5	2	4	9	9	3	8	7	6
<b>Competitive Intensity</b>	6	5	7	9	1	3	10	8	2	4
<b>Business Complexity</b>	1	4	3	6	9	9	2	5	8	7
<b>Supporting Industries &amp; Institutions</b>	8	7	9	3	1	10	4	5	2	6
<b>Diversity of Firms</b>	9	3	10	4	1	8	6	5	2	7
<b>Business Sophistication</b>	8	3	9	4	2	9	5	5	1	7
<b>Business Costs</b>	3	9	5	1	8	10	1	4	7	6



Mumbai



Delhi



Hyderabad



Bangalore



Ahmedabad



Chennai



Kolkata



Pune



Chandigarh



Gurgaon

Indian cities are beset with apathetic governance, unmanageable social and economic issues, non-strategic development agendas and massive resource crunch. On the one hand, they present excellent opportunity for embarking on pathways to build a stronger India, while on the other, they are onto trajectories of disaster. The 2008 City Microeconomic Competitiveness Index maps the competitiveness of 10 leading cities on a highly evolved framework of multiple dimensions encompassing 225 indicators.

Realty Plus commissioned this study to Institute for Competitiveness, India. The insightful report has been jointly authored by Dr Amit Kapoor and Mr. Sandeep Mann. Dr. Kapoor is Professor of Strategy & Industrial Economics at Management

Development Institute and Honorary Chairman of the Institute for Competitiveness. He teaches Microeconomics of Competitiveness at Management Development Institute, Gurgaon, in affiliation with Harvard Professor, Michael E Porter. A Sloan affiliate and a winner of Ruth Greene Memorial Award from NACRA, Professor Kapoor is an expert in the area of competitiveness and strategy. Mr. Sandeep Mann is CEO of Remorphing a boutique consulting firm that works out of Gurgaon and focuses on issues pertaining to strategy and innovation.

This report is designed to help those affiliated with the business community, policy framing circles, and the general public at large, interested in seeing where Indian cities stand, what business opportunities they offer and what challenges are expected en route. The report carries a spirit of realism and

integrated facts-based inferencing in order to draw out the real state of affairs of our cities.

Competitiveness is the ideal which all firms, clusters and economies (countries, regions, cities) should chase, for it is connected to the living standards and measures creation of wealth, along with opportunities to create wealth. A study of competitiveness helps to pinpoint failure points and formulate constructive agenda.

A competitive city is one which exploits its factor conditions (labour, capital, land, natural resources et al) not merely in the form they are available but processes them, adds value to them and then leverages them for economic ends. It offers large demand conditions (large pool of consumers with good paying capacity, well spread income patterns and sophistication of customers so that they pressurize producers to maintain quality of goods and services), has supportive and direct infrastructure (like well developed ancillary units, prolific quality output of knowledge institutions, good roads-rail-air movement, reliable power-water-communications supply), and enhanced business platform (with little or no monopoly, incentivised business set-up, community-environment needs, sensitive and responsible business units, affordable business costs etc).

Overall, such a city offers leadership to neighbouring region (usually rural) and positions itself as a speciality destination as per its natural advantages, which are under effective and efficient governance. This promotes excellence, which in turn fuels quality of life and standard of living. Mapping a city's competitiveness (on a relative scale) along with other cities brings up gaps which allow the city regulators to have a clear programme of "things to do." Similarly, the investors know what they are walking into and have acceptable expectations, and the inhabitants are aware of what needs to be done about their city, and know it all is being done in detail.

Accordingly, the future aspirations of a city are laid down on the firm bedrock of measurable initiatives. The city, constantly facing challenges — present and future — has to adapt itself proactively. To quote Darwin, there is survival of the fittest and competitiveness of a city indicates its "fitness in combating issues of survival and growth."

Compiling city profiles has given us two clear

messages. One, the cities which initially suffered from lack of funds are now attracting massive inflows and are waking up to their potential. These inflows are in anticipation of building cities to match international standards, thereby building a brighter future. Two, unplanned growth of the past decades bring in the daunting task of unravelling structural blunders. It is here that the Indian cities of today are floundering: inappropriate or missing vision, non-agile agenda activators but a projection of "rosy sweet-smelling future." This high voltage hype India is abuzz with looked so misplaced when the reality was probed.

## Overview of the report

The report entailed the challenge of configuring an apt and robust framework relevant for every city and unearthing accurate data, since the true state of affairs is camouflaged. Intensive mapping and troubling people-in-the-know on the basis of personal rapport helped the team collate data points.

This was an evaluatory and ranking exercise. Significantly, no city seems to be excelling other cities in any superlative sense. It seems all Indian cities are characterized by similar mediocrity, similar mires and similar challenges. Some key observations from the study of India's 10 leading cities are:

## Reliance on the inherited

There is a preponderance of reliance on selling crude form of factor conditions, rather than creating competitive advantages by moving up the value chain. The focus has to be on using an integrated value chain spectrum, thereby building long-term sustainability and recovering greater premia. Crude form of factor conditions last just

one to three generations, and so for long-term growth, value additions have to become the norm rather than the exception. For example, the reaping of benefits of large number of English-speaking population by a few cities is a "crude form of factor condition exploitation." This is a low fee-based outsourcing, just replacing low-end jobs of developed world. What is needed is arming our people with high-end competencies and then getting the high-end jobs outsourced, for which premium can be charged.

Similarly, just giving land to set up offices amounts to utilizing land our cities have. Instead, this land should be packed with huge infrastructure support (the way Singapore has built its sub-700 sq kms) so that organizations feel like paying premium rentals to set up operations in our cities. This way these organizations with higher productivities don't mind paying more.

## Resting on past laurels

The icon cities, apparently basking in the arrogance of past supremacy, are in for shock. Current reality checks dispel numerous myths in their aura. A case in point is the appalling quality of life and liveability in Bangalore where traditional residents would swear by its 'excellent' living standards. The cumulative picture looking at all factors paints a sad scenario, currently and for the future. Competitiveness, on both acquisition and retention fronts, does not gel with complacency. It is always determined on a dynamic basis, not a static exercise done every 10 years. These icon metros should feel the warm and aggressive breath of next-rung cities trying to outperform them. If they let this happen, they would face dwindling lifeline of capital inflow and business activity.

## Absence of sustained integrated agenda

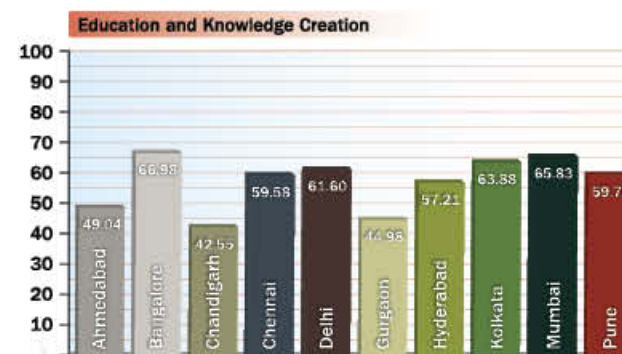
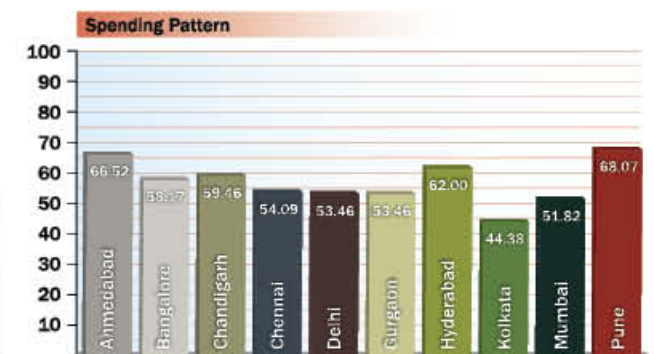
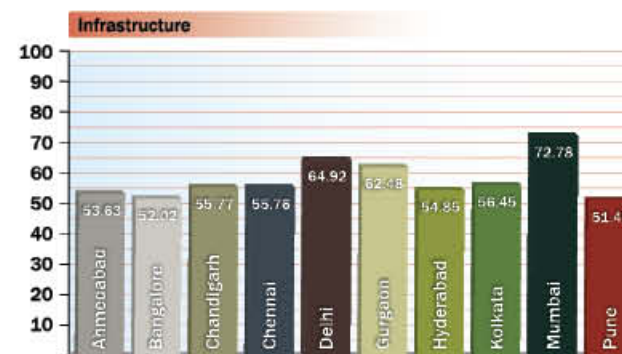
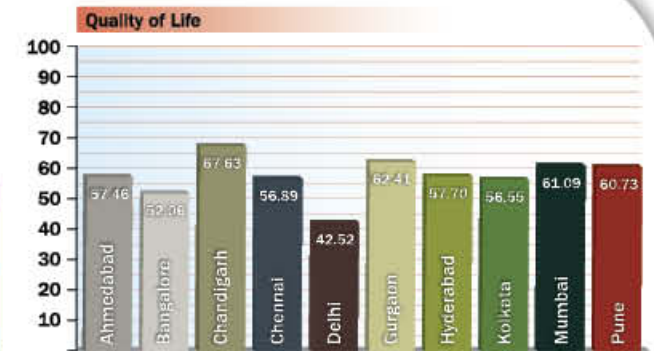
On individual dimensions (as detailed in the framework subsequently), some cities have shown lead on other cities. But on a composite plane, all of them stand equally dwarf, pointing to the absence of an integrated agenda that propels a city higher on all expected dimensions. Further, there is no sustained agenda, and a plethora of unfinished projects. In fact projects are announced to gain cheap publicity with no accountability in respect of completion within time, quality and cost constraints. Coordination among governance bodies is unheard of. Though India is on an IT-spree, its aggregation of relevant information/data presents a sad picture.

## Banking on size alone

Instead of enhancing productivity and thus assuming the competitive mantle, all large cities, including Mumbai and Delhi, are just exploiting their size. The per capita figures are hardly differentiable from one city to another, pointing to the sad existence of typical city dwelling Indian. The anticipated advantages of specialisation and diversity are not really forthcoming, with the general perception being that the size of these cities has gone well beyond the optimum. It remains to be seen whether the cities will survive such a size or crumble under their own weight.

## Inadequate infrastructure

The study not only confirms the lack of infrastructure in almost all cities but also reveals the deficit on various indicators. Energy security seems a distant dream. In terms of output,



productivity and employment levels, the cities don't score remarkably higher than the national average. Eventually, there is a concentration of massive pockets of high unemployment. Inadequate infrastructure, besides being a disincentive for business, forces relocation of business to greenfield sites. Attractiveness of FDI and other forms of investment is on a dip. In comparison, focused small players like Vietnamese and Turkish cities are attracting FDI equivalent to what all India is getting.

## ■ Global connectivity

Want of proper international connectivity in the shape of proper airports, airline services and, on ground, high-end hospitality have put most Indian cities at a handicap. Many have token connectivity, which is not really meaningful if quantum advances are expected in global business traffic. There has been a case of a French major settling for power cuts-ridden Gurgaon solely because the better city Chandigarh was too distant from Delhi airport. The hospitality suited for high-end business traveler is highly deficient.

## ■ Urban agglomeration

There is an increasing acceleration of urbanization, apparently ill-managed and shaped by ad hocism rather than strategic vision. The growth of suburbanization and urban sprawl is usually unplanned, and has unforeseen consequences awaiting our cities. In fact, diseconomies of urban agglomeration are evident. Exclusion, poverty and economic inequalities are becoming the norm. Congestion costs are taking their toll on the cities. Criminality and immigrants' misery have shot up, with administrations unable to find suitable short-term and long-term solutions. Green areas are fast depleting. Developers apparently fail to distinguish between the rich getting richer vs. inclusive growth.

## ■ Cluster mindset

The cities are supposed to be generators of wealth, employment and productivity. They act as engines of growth for a nation's economy. And they fulfil this role by spawning clusters around them. Clustering fetches vantages of concentration of related economic activity, act-

ing as sources of innovation. Apparently, Indian cities have no clear identification of what kind of clusters they should nurture and allow to proliferate. All such initiatives are incidental, and not based on leveraging their natural advantages. There is a scramble to install IT leadership even in places which may be better suited for pharmaceuticals or tourism or knowledge services or engineering design. These cities must stop non-strategic imitation and learn not to adopt the latest fads. In any case, reliance on a single industry is never a sound strategy.

## ■ Not understanding innovation

Governance in Indian cities has a narrow grasp of innovation. It labels certain technologies as high-end and some as primitive, forcing the city to assimilate the 'high-end' ones. What needs to be comprehended is that high-end technology can be in each and every industry, be it agricultural, food-processing, tourism or textiles. A firm may be non-innovative but an industry can never be prevented from being innovative. The association of innovation with only technology has to be discarded. Thereby, all conditions that promote a culture of true innovation have to be identified and supplemented. As of now, there is a mere lip-service to making our cities innovation centres.

## ■ Methodology & framework

The 2008 City Microeconomic Competitive-

ness Index evaluates 10 leading cities across four major dimensions, consisting of 13 sub-dimensions and 225 indicators. The data have been normalized to ensure its consolidation across a large number of parameters. It is after significant research and discussions that the expert panel allocated appropriate weights.

The figure below summarises the robust framework employed in this study. The intent behind the framework is to capture the obvious and the not so obvious dynamics at play which shape a city's competitiveness. It covers the microeconomic perspective alone. It has been designed on lines similar to the Diamond Model for each city, in line with Prof. Michael Porter's work on competitiveness.

More value appears by digging deeper into this framework.

## ■ First dimension: Factor conditions

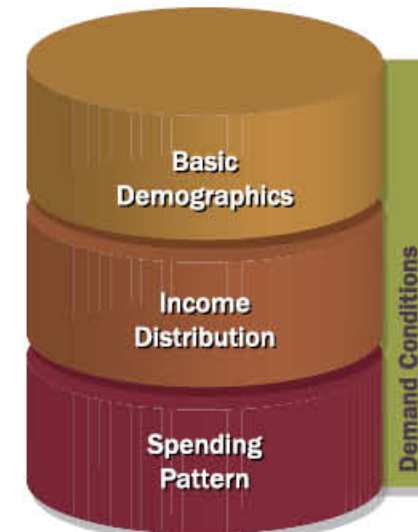
This dimension consists of four sub-dimensions, namely Markets, Infrastructure, Education & Knowledge Creation, and Quality of Life & Livability. It uses weights that reflect Prof. Porter's insight that these characteristics are to be created and not inherited. 'Markets' bring together two facets, the labour market and the financial market. 'Infrastructure' maps entities like roadways, airports, railroads, vehicles, electricity, water and communications. 'Education & Knowledge Creation' combines



educational infrastructure with manpower demographics. 'Quality of Life and Livability' is a function which takes into account pollution levels, crime incidence, traffic safety, water and power supply quality.

## ■ Second dimension: Demand conditions

Demand conditions drive the competitiveness of a city. They boost customer expectations which inspire businesses to higher levels of excellence, which in turn brings about more customer sophistication. This dimension is based on basic demographics, income distribution and spending pattern. This covers aspects like the 'share-of-the-wallet',



disposable incomes and aggregate demand through market size and consumer base.

## ■ Third dimension: Context for strategy & rivalry

A city's business environment is perceived through the intensity and healthiness of competition. This has three pillars, namely, Incentives, Competition Intensity and Business Complexity. Competition leads to greater innovation, which in turn increases productivity levels. The openness and participation of foreign players at a location are covered. Supply of talented labour at the right price has also been considered in this dimension.



## ■ Fourth dimension: Supporting industries & institutions

This fourth dimension stands on three sub-dimensions: Diversity of firms, Business Sophistication and Business Costs. This evaluates the support base for clusters and maps prevalence of limited or wide ranging value chain. This all signifies larger economies and enables specialization in core competence areas. Related business costs can make or break an industry's, and correspondingly a region's, productivities.

On the basis of this methodology, ten leading cities of Mumbai, Delhi, Kolkata, Bangalore, Chennai, Hyderabad, Pune,



Ahmedabad, Chandigarh and Gurgaon have been chosen for comparative analysis of their competitive index. The sample of 10 cities taken in this study hasn't included Noida (Delhi figures have discounted the NCR cumulative figures). However, this is a region experiencing explosive growth. There is huge land supply, unconstrained on Uttar Pradesh's side. The proximity with Delhi brings numerous pluses. Many organizations have set up shop here and are generally happier than with their experience at Gurgaon. Of course it would do better to evolve its own governance, not



too dependent on the distant Lucknow for policy issuance. There are troubling facets like high incidence of crime, crumbling roads (better than most other cities), resistance to land acquisition etc. Probably more clarity on whether to make it industrial or residential in what mix would bring meaningful focus to the growth. As of now, it seems to be on the path Gurgaon (and neighbouring belt of Dharuhera) took 5-10 years back. With more will power this can truly become a model city. A future study should definitely map Noida and Greater Noida as an independent city. ■

Mumbai



\*Graph not to scale  
\*\*Scores on a scale of 100



India's *Aamchi* Mumbai stands at rank 1 in overall competitiveness. In fact it is numero uno on most of sub-dimensions. It somehow compensates for its poor show in the context of strategy and rivalry. Even its business costs are a dampener.

No doubt it has to struggle to keep closely-ranked Delhi and Hyderabad at bay. Nonetheless, it faces the challenge of retaining its edge. But the larger challenge it has to meet is to rise to such levels that it can see eyeball to eyeball of global benchmarks like Vancouver, Tokyo and London. Often it is said to be a marriage of New York and Los Angeles. A reality check shows the ludicrousness of such comparisons.

Again, Mumbai fares poorly on the spending pattern of denizens (rank 9th). The economically depressed slums with poor civic amenities are a blot on the city, acting as temporary crucibles to hold migrants.

The ethnographic melting pot is meanwhile plagued by 'migrants exit' and 'sons of soil only' drives while most analysts perceive this diversity to be Mumbai's strength. The extortion and other mafias keep raising their Gorgon head, in cahoots with the shady in the political arena.

A city that spawns a class with crore-plus salaries, has people who are forced to sleep on roads. It is dubiously one of the most expensive cities in the world. This is a city of contrasts, a cosmopolitan city by world standards. Its backyard Hell's Kitchen, Dharavi, would be an embar-

Competitive Strengths	Competitive Weaknesses
Best overall business environment	Strategy context not good
Most superlative factor conditions	Bad spending pattern
Excellent demand conditions	Underdeveloped business complexity

rassment elsewhere, but here it is a flourishing city in its own right, with one of the highest cost indices in the world. It ranked 40th in the OECD study of global cities.

It no doubt has a well-coordinated financial centre, which has now beat NYSE and LSE. The SEBI has to become much more competent through legislation and implementation of policies. No doubt the work ethics of Mumbaitees are adorable. And so is the fine traffic sense. And equally exciting is the late night fun and frolic the people have despite restrictive regimes.

This is what makes Mumbai the most competitive. Yes, it can become greener. And the port development would ace its competitiveness. Its education system has to migrate to higher standards.

The clusters around like Thane and Kalyan definitely need leadership in absorbing world class practices and excellence. So far the spawning of innovation is limited and sketchy. It is Maharashtra's gateway to the countryside.

And for the city that accepts thousands of make-it-big-dreamers every day, it itself has to set sights on loftier goals. **RP**

Rank

1

Delhi



\*Graph not to scale  
\*\*Scores on a scale of 100



Delhi is the political capital of the country, with the dubious distinction of also being the crime capital and routinely congested air and roads. It is gearing up for the 2010 Commonwealth Games, which is definitely giving it a facelift. Ironically, it has survived almost 25 years having cashed on rejigging itself over 1982 Asian Games. It has strongly leaned on suburban cities of Gurgaon, Faridabad, Noida and Ghaziabad, else it would have been in imponderable despair by now. The neighbouring Haryana patronises by providing it manpower on all fronts: police, teachers, bureaucracy, bus drivers, etc.

It has been plagued by blow-hot-blow-cold restructuring waves, both guided and obstructed by active judiciary. The poor handling of transport initiatives has added to the woes. Surely, CNG buses have lowered pollution levels, although talks afoot to limit entry of diesel-powered vehicles are pretty controversial.

Delhi sits on a huge reserve of demand conditions. It can sell and sell and sell, though the discerning customer has to be a hard bargain and also wary of fly-by-night-operators. The retail industry in Delhi is one of the most thriving in India. The presence of a huge consumer market, a large pool of skilled labour and rise in disposable incomes have helped Delhi in its industrialization and retail growth.

Supporting industries are respectable though not internationally acclaimed in their proper right. The lead it had with regard to small-scale food processing industry was negated when the Supreme Court

Competitive Strengths	Competitive Weaknesses
Best supporting industries	Very poor quality of life
Superior competitive intensity	Discouraging business incentives
Very good factor conditions	High business costs

ordered relocation of units. Construction, power, telecommunications and real estate are the pillars of Delhi's economy. The key industries include information technology, telecommunications, hotels, media, banking and tourism. The manufacturing industries of Delhi have also expanded as many consumer goods industries have established manufacturing units and offices in the region. It can definitely think of institutional merger of its municipalities and also of satellite towns, provided that doesn't turn out to be too centralised. The reverse move too can fetch good results, fragmentizing into autonomous areas but with a common unified programme. The work culture in Delhi is often described in negative terms by corporate honchos.

Delhi definitely needs separate airports for domestic traffic. But plans are executed so slowly that by the time projects are completed, the demand has already gone many times higher. It has to manage the Yamuna more keenly. Also, the city sits on a fault line, which would be disastrous given the high population density. But then, Delhi has a most permissive culture that assimilates all diversity. **RP**

Rank

2

Hyderabad



\*Graph not to scale  
\*\*Scores on a scale of 100

If there is method in madness, it is in Hyderabad. The city has made huge strides on almost all fronts, metamorphosing from a mere trading gateway to south India to a powerhouse worth reckoning. Encouragingly, it has the least business costs in the country.

All activity, despite some political roadblocks, has a unifying strategy driver. Nothing is uncoordinated and standalone commissioning. To the untrained eye, it does look like unconcerted opportunism. Actually it is backed by unified thought of those in governance. There is something about the culture and thinking processes afoot in this city which is not easily placeable, but it is this that makes the city lively.

Hyderabad is the financial and economic capital of Andhra Pradesh and the largest contributor to the state's GDP, through state tax and excise revenues.

Starting in the 1990s, the economic pattern of the city has changed from being a primarily service city to being one with a more diversified spectrum, including trade, transport, commerce, storage, communication etc. Service industry is the major contributor, with urban workforce constituting 90% of the total workforce.

Hyderabad is known as the city of pearls, lakes and, lately, for its IT companies. It is a major centre for pharmaceuticals and many initiatives are being taken to create extensive infrastructure in bio-technology.

Like many Indian cities, Hyderabad has witnessed a remarkable growth in real estate busi-

Competitive Strengths	Competitive Weaknesses
Least business costs	Poor on competitive intensity
Very good on business complexity	Unimpressive knowledge creation
Decent demand conditions	Underdeveloped markets

ness, thanks to a predominantly IT-driven boom in the 1990s and the retail industry growth over the last few years which have spurred hectic commercial activity. A number of mega malls have come up or are being built.

Real estate demand in the suburban and rural areas surrounding Hyderabad has gone up exponentially leading to reckless increase in prices over the past few years. Retail in Hyderabad is on the rise. The city has multiple CBDs (central business districts) across it.

This city, like Ahmedabad, is perfectly on the path to becoming more competitive. Its aspirations can, however, rise further. When Mumbai wished to replicate Shanghai, it already had exacerbating structural problems which it has not been able to counter.

Hyderabad on the other hand doesn't have any similar deadweight tying it down. It is the perfect setting to emerge as a truly world class city, only if it aspires more. For that, it has to come out of the sluggish and relaxed lifestyle which the Hyderabadis have been enjoying traditionally. **RP**

Rank

3

Bangalore



\*Graph not to scale  
\*\*Scores on a scale of 100

This Silicon Valley of India lags behind Hyderabad in its competitiveness ranking, which can be taken as an honest reality check. On education and knowledge creation sub-dimension, it is supreme. Such a literate set-up, however, has one of the poorest quality of life and livability. Business costs too are extremely high. Migratory pressures are stretching the resources of the garden city.

However, it is the city traffic which is one of the main barriers in its competitiveness. An acidic observation circulates around that while elsewhere people drive on the left of the road, in Bangalore they drive on what is left of the road. Over the last decade, the commuting time has quadrupled and road rage is on a high.

Unfortunately, Bangalore is founded wanting in absorbing the upsurge of MNC invasion. The momentum gathered in assembling ICT (Information, Communication and Technology) tools of globalization is palpable. But the IT parks, called as the temples of modern India by former Prime Minister Atal Behari Vajpayee, cannot be the sole saviour. Diversifying into other industries is the strategic action awaiting political will. The government is carrying its gusto too far by indulging in repressive policies by grabbing farming land at non-negotiable prices to feed the IT needs. No doubt the industry and the citizenry are up in arms over this, but the city and state governments are adamantly repulsing such democratized involvement in city management.

The appreciable initiative is the reduction of regulation and taxes with a vengeance, eliminating the 'taxes on taxes on taxes' regime. There is maximum

Competitive Strengths	Competitive Weaknesses
Excellent knowledge creation infrastructure	Very inadequate infrastructure
Good business sophistication	Poor income distribution pattern
Good markets	Very high business costs

mileage of reforms at macro policy level achieved by this city. Gone is the dullness Winston Churchill sensed when he compared the city to a prison. It is genuinely a high profile conference city.

Deglomeration (destruction of the city) activities, the contrarian of agglomeration, has already set in to counter benefits of this city. It has begun to hit sub-optimality consequences of ill-managed size. A very aggressive agenda is needed that shifts the pains of the city and begins handling issues with a long term perspective. A conscious nurturing of satellite towns, and better connectivity with Mysore can help it a lot. But the real fight that awaits this city is on the microeconomic level.

The IT firms have to chalk out plans to unleash global products, and not restricted to low premium services. Tourism again is an untapped realm. The large number of management and engineering professionals it throws up in the labour pool have to be shown the light of entrepreneurship to a greater degree. The firms have not shown much inclination for diversifying, nor have they sourced venture funding for global level ventures. Infrastructure development in waiting is certainly going to show positive results. Till then it is misery for the inhabitants. **RP**

Rank

4

Ahmedabad



\*Graph not to scale  
\*\*Scores on a scale of 100



**A**hmedabad is the largest inland industrial centre in western India, and has historically enjoyed a reputation as an important base of commerce, trade and industry. Its steady governance has proven to be a strong catalyst of change and progression, silently and steadily consolidating this city's industrial leadership. Of course some confidence is shaken when terrorist actions hit this otherwise peaceful metropolis.

Locationally, Ahmedabad has asserted its supremacy in industrial domain, providing support to Mumbai and also as an alternate to Mumbai in western India, skilfully applying the diligence and professional work ethic of entrepreneurial Gujaratis in general. It enjoys good patronage from the investing NRIs with roots here.

Ironically, it is ranked last on factor conditions in the set of 10 cities studied. Like Chandigarh, it has good spending pattern but lacks large demand conditions. Even the support industries it offers are weak. It has excelled all Indian cities in the context for strategy and rivalry (rank 1). It leads the pack in providing the best of incentives for business, and again in business complexity.

It has gained by putting across capital functions to Gandhinagar, while the move afoot to bring back such infrastructure to Ahmedabad may prove counter-productive. It would gain by emerging as services centre, if it steers its limited educational infrastructure towards high-end specialities.

It needs a visionary master plan that makes it expand the right way, while providing the MRTS soon. The old parts of the city got rebuilt to an extent after

Competitive Strengths	Competitive Weaknesses
Great business incentives	Least developed markets
Attractive income spending pattern	Demographics unsupportive of demand conditions
Low business costs	Skewed diversity of firms

the tragic earthquake but more work awaits in that part of the city. It can really boost industrial tourism and tourism centered on Porbander and Sabarmati. But it seems still wedded to conservatism and conventionality, a dichotomy that doesn't vibe well with industrial advancement. Quality of life is hardly acceptable, a poor 6th in the ranking..

Ahmedabad is at the inflection point all well managed cities face, when a massive wave of expansion is the only step forward in its life cycle. It should encourage higher value stream incubation: engineering design services, industry consulting and venture funding. It has also to sharpen its innovation capabilities and on factor conditions, must also broaden its outlook, for instance, by smarter application of capital in other better opportune regions of the world. In parallel, it has a significant ground to cover in shaping its educational infrastructure. It can also sponsor superior managerial talent that not only drives diversification elsewhere but also gives leadership in assuming higher value chain roles: to ship-breaking industry by taking up shipbuilding, to pharmaceutical sector with better R & D, to clusters of Baroda and Surat in slicker management of world markets via technology and channel management. **RP**

Rank

5

Chennai



\*Graph not to scale  
\*\*Scores on a scale of 100



**D**aily travel frustrations are a hallmark in Chennai. It is jokingly said that adding thousands of Nanos to Chennai roads would have no impact. The city is used to rash autorickshaw driving.

Corruption is one of the main factors arresting the city's growth. It needs to think creatively and critically about its present and future. It has to sponsor meaningful spatial and other facets research to regain its erstwhile position of pride. As of now, Chennai is unmistakably a case of potential unfulfilled.

Re-imagining itself is the agenda to be taken, and taken vigorously. It has done well as the Detroit of India, being the second largest IT & ITES eamer after Bangalore. Now it has to go further. It has to create its differentiation from Bangalore and other ITES hotspots; what has supported it so far has been large number of entrepreneurial inputs from NRIs, but this cannot be leveraged beyond a point. It is one of three port cities in this set of 10 cities. Since it is a shallow port, there are limitations. Nevertheless, it is a port and can exploit this coastal location by initiating high value endeavours. Inspiration can be drawn from ports of Norway and Finland which are into hi-niche activity despite being frozen.

The finance sector needs to be made as dynamic as in Hyderabad (pro-rata basis). The stock exchange is in dumps. It can also develop better connectivity with South Asia and become the entry point of ASEAN to India. Its large education base has to be tweaked into vocational directions and enabled to possibly assume the mantle of India's knowledge-intensive industry-academic collaboration.

Competitive Strengths	Competitive Weaknesses
Most competitive business costs	Poor demand conditions
Very good supportive industries	Unhealthy competitive intensity
Good incentives for business	Bad quality of life

Housing is a prickly issue. Better town planning and having supportive satellite towns is the need of the hour. Institutional handling of issues needs dramatic improvement. It has somehow maintained a cultural insularity, which has prevented assimilation of diversity. Herein, it can pick a tab or two from Taipei and Hong Kong, which have stayed culturally rich and yet attracted talent from diverse backgrounds.

Again, Chennai has random yet prolific infrastructure activity going on, the aftermath of which would be borne by future generations. Straightening the city map evolution is the prime priority. It has to fear corporate mobility, as today's corporates are bound to a geography by tenuous threads, and can relocate before the blink of an eye. Kolkata has suffered because of this apathy to corporate interests, Chennai can be the next one awaiting this hit.

With funds available today, simple focused development agenda is the key. Politically, it has to acquire a modern outlook, and must come out of the shadow of the state government and assert its own autonomy and identity. These are difficult contentions, but then sculpting a bright future for a gentle city is always a tough call. **RP**

Rank

6

Kolkata



This is indeed a problem akin to doing all of the 12 Herculean labours. How can Kolkata regain its glory of yesteryears, how exactly to make it the vibrant economy it once was and how to make it lose the epithet of a 'dying city'?

As of now, it is floundering in wilderness. True, the regime there is steadily pushing ahead some future-focused investments, but very marginally and probably as part of feel-good signaling.

It has to be emphasized that just like products and relationships, even a city has a life cycle and in times of trough, it has to reinvigorate itself. How to revitalize Kolkata is the basic problem confronting the people in power, if they are concerned.

Historically embedded shackles have to be broken free. These are unionism, cadre funding, anti-industry attitudes and unsubstantiable supercilious mindset. It has to carve niches without thriving on being a vanilla trading portal to North-East.

Besides the location, what value addition is it offering to this conduit? None — as of now. It can be the connecting path to the only meaningful port of Hooghly to all of land-locked North-East, Nepal and Bhutan. It is slack in taking this role, an apathy that is allowing Myanmar to offer its ports for this need.

Institutions in and around Kolkata are respected but are not very visible as the world community expects. Cultural isolation has to be discouraged and with better promotion designed to showcase Bengal's culture to the world in all

Competitive Strengths	Competitive Weaknesses
Good educational facilities	Poor spending pattern
Good demographics	Inappropriate strategy context
Encouraging income distribution	Unremarkable quality of life

its splendour, it can truly assume the role of aesthetic capital.

Prosperity comes with street work, not with mere vigilance in protecting rights; political awareness is to be supported with productivity and work culture.

No doubt its population is extremely aware of political activities, but it lacks a culture of industry and hard work.

The obstructive unionism has mellowed over the years but it is still seen as non-respecting for economic growth. Bandhs, frequently called by both the state government and the Opposition, lead to loss of mandays and, consequently, of income.

It would be a mammoth task arresting the flight of capital (so much has already flown to Delhi and Mumbai) and a tougher strategy is needed to bring in more investments. The mishandling of negative propaganda of likes of the Singur-Nano project is best avoided.

Though projects are being won over, they are not having a smooth take-off. Many decades of continuity of governance by the Left has begun to show negative effects. The sooner the rectifications, the better it will be. **RP**



Pune



This is a city with largely untapped potential. The education infrastructure can be the envy of every other city, especially as it used to be dubbed as the Oxford of the East. It has its own evolving business landscape. And having successfully come out of the shadow of Mumbai, it is marching ahead with vibrancy.

However, as of today, it is a laggard in competitiveness. It stays behind on all dimensions, enjoying top rank only in spending pattern. It needs to shake up its slumber and pace up its forward pursuits.

The penetration of personal computers (PCs) in terms of number of PCs per capita is the highest in Pune. IT and ITES have exploited very well this city's pool of professionals. Many a well-planned software and technology parks are pearls in this uncrowned city.

Culturally, the city is perpetually celebrating life and has been regarded as the pensioner's paradise. Business-wise, it has to take a hard look at its affairs. The large armed forces paraphernalia adds to spending power of the city.

Pune is now a fast growing industrial hub and has become a major industrial centre for automobiles. The world's second largest forging company (Bharat Forge Ltd) is located here, as are many notable engineering and manufacturing companies. Numerous small and medium-sized enterprises have grown in the city.

The government has actively propounded industrial policy. This city is often seen as the

Competitive Strengths	Competitive Weaknesses
Excellent spending pattern	Lopsided income distribution
Acceptable quality of life	Most inferior infrastructure
Conducive competitive intensity	Untenable demand conditions

most suited for product launches because of its cosmopolitan population.

Pune has to be a successful urban platform, offering attributes like skilled and educated workforce; adequate infrastructure such as transportation, telecommunication and distribution networks; a safe, livable community where quality of life is important including the presence of high quality health care, educational institutions, entertainment venues, open spaces, and vibrant cultural institutions.

Not to be ignored are other attributes like the ability to recognize and build upon a city's competitive assets, foster innovation, build networks and develop industry clusters; the ability to conduct cutting edge research and development; and the capacity to have partnerships and collaborative efforts forged at all levels of government, the private sector and the volunteer sector.

Eventually, this city is on the same curve path as Hyderabad and Ahmedabad. It has to discover its natural advantages and leverage them into sustainable competitive advantages. **RP**



Chandigarh



\*Graph not to scale  
\*\*Scores on a scale of 100

The stark paradox that hits as one scans the rankings of Chandigarh is that it's a city ranked ninth overall despite receiving the highest rank in quality of life and livability. It is a city dominated broadly by shopkeepers and bureaucrats, with a small number of entrepreneurs thrown in. Chandigarh is a young city and only by adopting a sustained integrated agenda can it carry on as a model city as its founders envisioned.

It has very limited local talent, almost entirely dependent on migratory workforce, and is backed by hardly any solid infrastructure. Apparently, it wants desperately to be considered as an IT destination, an endeavour that has no support due to lack of suitably educated professionals. The land is a constraint, merely 114 sq kms, and the availability of cheap labour supply is unsustainable in the long run.

The vehicular density is increasing in the city. At times one has to wait for six red light changes before getting an opportunity to cross an intersection. Chandigarh was not planned for larger-scale economic activity. Even on the urban agglomeration front, it overly depends on satellite cities of Panchkula and Mohali. The demand conditions ranking puts it at mid-level -- sixth. The income distribution and spending pattern are positive sub-dimensions, but the basic demography lacks size. The supporting industries facet lags at rank 9th. Nevertheless, the context for business this city provides is good, making it pitch at rank 2. But what kind of businesses

Competitive Strengths	Competitive Weaknesses
Excellent quality of life	Poor knowledge creation
Good business incentives	Demographics very adverse to demand conditions
Encouraging business complexity	Dismal complexity of firms

should it focus on? What natural advantages does it possess?

It would be best for Chandigarh to position itself as a global tourism destination, may be designing itself like a model French city. After all Le Corbusier, the Frenchman, designed it. On IT, if it insists, it should move up the value chain into highly advanced and futuristic technologies rather than ITES based on labour arbitrage. Soliciting start-ups and established players in these sectors would support its diversity of firms, where it ranks very low (rank 10). Further, it should acquire a hub status for providing elite services to the rest of the country and global markets on a premium. As of now, all its high-spending population has to rush to Delhi for specialty shopping.

Locationally, it is the city gateway to Punjab, Haryana, Himachal Pradesh and Jammu and Kashmir. But then connectivity, particularly international, has to be tremendously improved. It has to take a call in what ways it stays a transit city and in what ways, a final destination. It can surely emerge as a transit for recuperation phase of medical tourism, surrounded as it is by lovely Himalayan towns of Kausali, Shimla and Manali. **RP**

Rank

9

Gurgaon



\*Graph not to scale  
\*\*Scores on a scale of 100

A quick look and Gurgaon impresses. It is a high FDI destination, flaunts the best of corporate offices (140+ MNCs) and has apparently unlimited land supply for residential high rises and commercial malls. Somebody is selling a "wow picture" of future to the investors. A deeper look shows it is hugely dependent on Delhi for manpower supply. Aberrant electricity supply, erratically available for at times just eight hours a day, with areas snapped off the power grid for exceptionally long hours, makes it a "high business cost" location. The traffic system is bursting at seams with hour-long jams, crater-sized potholes bedecking internal roads. The umpteen BPO transporters with their rough driving style are a pain. It is shameful seeing affluent neighbourhoods surrounded by shanties.

The satire in a top Gurgaon functionary's comment is biting when he off-handedly proclaims Gurgaon to be a zero governance city. About the competitiveness of Gurgaon he says, "the less said, the better"!

A tremendous tsunami of functioning and upcoming malls has begun to characterize this city's topography. But where are the customers with bonafide purchasing intent? This city sorely lacks its own demand conditions and is overly relying on feeding Delhi, which is not genuinely happening as traffic bottlenecks make it inaccessible even for the inclined shopaholic from Delhi.

It seems urban planners are unmindful of current and future traffic needs, allowing an alarming level of density of office infrastructure, a level for which the city has no breathing space whatsoever. How long

Competitive Strengths	Competitive Weaknesses
Good upcoming infrastructure	Worst overall business index
Generally good markets	Worst rank on all dimensions
Good competitive intensity	Extremely high business costs

would office-goers tolerate the low quality commuting time? Water table is beyond replenishable reserves. Not even a mentionable local transport system exists, further stressing roads with self-owner cars. Inspiration can be drawn from most Canadian cities where commuters park vehicles on city periphery and take rapid transport systems. The proposed metro connectivity is also a mere extension of Delhi's needs, not a concept evolved for Gurgaon's requirements. Further, it raises its ugly head sky-high bang in middle of streets which could have been truly developed as a shopper's paradise.

The large-scale construction might benefit the future generations, but air pollution caused by it is an agony for today's inhabitants. All growth is vertical, with no supportive road access. A little rain and the most posh high-rise buildings get flooded at the ground level, revealing the mess of the sewage system.

Time to wake up. Gurgaon should emerge as a model city 10 years down if it survives the current bottlenecks. This is a positive clarion call. Unbridled ambition in business firm brings liquidation and financial ruin; professionally managed sustainable growth makes one a tycoon. Gurgaon just needs to slow down a bit, relook at all projects and begin instilling method and sanity piece by piece. **RP**

Rank

10