

Location Spotlight – Ahmedabad, India

March 2022: Complimentary Abstract / Table of Contents



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This report provides perspectives on key aspects of the global sourcing market in Ahmedabad

Location Spotlight – Ahmedabad, India

Ahmedabad | at a glance



Ahmedabad is an emerging location in the APAC region, currently being leveraged by both service providers and GBS organizations for delivering IT and BP services to domestic and global markets.

KEY FACTOIDS	
40,000-42,000 annual tertiary graduates	Annual operating cost per FTE 15-20% savings over Bangalore 85-90% savings over Dallas

Current overview	Key drivers	Key challenges
<ul style="list-style-type: none"> Leading tier-2 location for the delivery of IT-BP services from India with evidence of multiple players achieving scaled operations with 500+ FTEs in both IT and BP services Some instances of next-generation services delivery (e.g., Internet of Things (IoT) and Artificial Intelligence (AI)) given its attractive talent-cost proposition Development of the Ahmedabad-Gandhinagar stretch as a FinTech city called Gujarat International Finance Tec-City (GIFT) attracting enterprises and service providers in the IT/IT-enabled services sector 	<ul style="list-style-type: none"> Attractive cost arbitrage as compared to Dallas, the US (85-90%) and Bangalore, India (15-20%) Strong rail (Ahmedabad railway station is well-connected to major stations across the country) and road connectivity (e.g., Ahmedabad lies between the Delhi-Mumbai industrial corridor) with the presence of several Special Economic Zones (SEZs) that offer attractive incentives to enterprises Increasing interest in Ahmedabad from enterprises and service providers due to rising cost pressures and high market congestion in tier-1 locations 	<ul style="list-style-type: none"> Rising attrition rates due to increased competition for talent and availability of new opportunities, especially in the IT sector. Further, there is less availability of experienced talent pool as compared to tier-1 locations Concerns around the rising crime rate in Ahmedabad and the shortage of water in Gujarat due to low rainfall in the past years Concerns around cultural fit (prohibitions on alcohol, low availability of recreational options) resulting in the lower willingness of entry-level talent and expatriates to relocate to Ahmedabad



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Location Spotlight – Ahmedabad, India

Ahmedabad | risk profile (page 1 of 2)

A stable geopolitical and macroeconomic environment along with strong government support for developing suitable infrastructure for the IT-BP industry; there are some concerns regarding communal tensions in the state

Parameter	Everest Group rating	Comments
Geopolitical		<ul style="list-style-type: none"> India ranks 53rd out of 167 in the EIU Democracy Index and is classified under the flawed democracy category There are some concerns regarding India's relationships with Pakistan and China; however, there has been limited impact on business operations in the past The country ranks 52nd among 180 countries in the Corruption Perception Index making it moderately corrupt; however, progress has been made in tackling corruption and minimizing bureaucratic red tape There is a stable business environment with an investor-friendly central and state government; however, there are some concerns regarding communal tensions that have led to widespread riots in the past in Gujarat
Macroeconomic		<ul style="list-style-type: none"> Standard & Poor's credit rating for India stands at BBB- with a stable outlook The World Bank retained India's economic growth forecasts for the year 2021-22 at 8.3% despite the rising cases and the possible onset of the third wave of COVID-19. Further, growth forecasts for 2022-23 and 2023-24 have been upgraded to 8.7% and 6.8% respectively There are some concerns around inflation due to disruptions related to COVID-19 with the possibility of inflation surpassing the upper limit of 6% set by the central bank
Infrastructure		<ul style="list-style-type: none"> India is ranked 70th out of 141 countries in the Global Competitive Index (compiled by the World Economic Forum) for its infrastructure quality There are concerns around the shortage of water due to low rainfall in the past years in Gujarat Gujarat has several SEZs and industrial parks that offer attractive incentives to enterprises and service providers The state has good rail and road connectivity with a wide network of buses provided by the Gujarat State Road Transport Corporation. The Ahmedabad railway station is the biggest and busiest railway station in Gujarat In an attempt to develop Gujarat as a finance and technology hub, the Gujarat government is building a mega financial services hub called Gujarat International Finance Tec-City or GIFT city <ul style="list-style-type: none"> GIFT city is emerging as a Walk to Work city, including office spaces, residential apartments, schools, hospitals, retail, and other recreational facilities

Source: Everest Group (2022); EIU; Transparency International; WRR; WEF; interviews with market participants.

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Research calendar

Locations Insider™

■ Published
 ■ Planned
 ■ Current release

Flagship reports

Release date

Location Spotlight – Latvia	August 2021
Location Spotlight – Ghana	August 2021
Location Spotlight – Queretaro, Mexico	November 2021
Global Locations State of the Market 2021: Embracing Uncertainties in a Disrupted World Key Trends Shaping the Landscape	November 2021
Global Locations State of the Market 2021: Embracing Uncertainties in a Disrupted World Locations PEAK Matrix®	November 2021
Reimagining Latin America Delivery in a Post-COVID World	December 2021
Location Spotlight – Sri Lanka	January 2022
Location Spotlight – Riyadh	January 2022
Location Spotlight – Jamaica	January 2022
Location Spotlight – Ahmedabad, India	March 2022
Global Locations State of the Market 2022: Talent Drives Locations Strategies Locations PEAK Matrix®	Q1 2022
Location Spotlight – Malaga, Spain	Q2 2022

Thematic reports

Release date

Data & Analytics Handbook – Delivery Location Strategy to Steer Through Digital Disruption	November 2020
Talent Handbook on Cybersecurity Skills	June 2021
Technology Services Talent Handbook – Do You Have the Right Locations in Your Delivery Portfolio?	January 2022

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