

Location Spotlight – Pune, India

September 2022: Complimentary Abstract / Table of Contents



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

Location Spotlight – Pune, India

Pune | at a glance



Promising location in the APAC region, currently being leveraged by both service providers and GBS organizations for delivering IT and BP services to global markets

KEY FACT

140,000-145,000 annual tertiary graduates

Location Spotlight – Pune, India

Pune | 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

Current overview	Key drivers	Key challenges
<ul style="list-style-type: none"> A tier-1 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 IT ADM and non-voice BP service delivery are mature, while digital and R&D service delivery are growing rapidly Mature service delivery across multiple industries including BFSI, manufacturing, automobile, and professional services It offers various investment incentives focused on the services sector such as a low corporate income tax rate of up to 18% in SEZs 	<ul style="list-style-type: none"> Attractive cost arbitrage as compared to Dallas, US (83-87%) and Bangalore, India (7-11%) Pune has a robust ecosystem for the delivery of global IT services with the availability of vast talent pool and world-class infrastructure, including telecommunication and IT infrastructure Increasing interest in Pune from enterprises and service providers due to rising cost pressures and high market congestion in other tier-1 locations such as Bangalore 	<ul style="list-style-type: none"> Increasing competition rising due to the i Some gap between for emerging tech developers There has been a the past four to five Some concerns d attractiveness for



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Parameter	Everest Group rating	Comments
Geopolitical		<ul style="list-style-type: none"> India ranks 46th out of 167 countries in the EIU Democracy Index 2021 and is classified under the flawed democracy category The country ranks 85th 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 The business outlook is investor friendly with support at both central and state government levels; however, there are some concerns regarding political instability and government instability in the past in Maharashtra
Macroeconomic		<ul style="list-style-type: none"> Fitch Ratings revised India's outlook to stable from negative in June 2022, citing reducing downside risks to medium-term growth, as the country continues to see sustained recovery from the pandemic shock 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 fourth wave of COVID-19. Further, growth forecasts for 2022-23 and 2023-24 have been upgraded to 8.7% and 6.8% respectively Some concerns around inflation due to disruptions related to COVID-19, with inflation surpassing the upper limit of 6% set by the Central Bank and a subsequent repo-rate increase for the first time in 18 months
Infrastructure		<ul style="list-style-type: none"> India is ranked 37th out of 63 countries in the Global Competitive Index (compiled by the World Economic Forum) for its infrastructure institutional management There are concerns around the shortage and irregularity of availability of water due to frequent water cuts in the past few years in Pune The state has good rail and road connectivity with a wide network of buses provided by the Pune Municipal Corporation. The Chhatrapati Shivaji terminus is the biggest and busiest railway station in Pune To transform Pune into a finance and technology hub, the government has provided allocations for drones, space imagery, and artificial intelligence in the budget; a move which NASSCOM has termed critical for India's techade

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

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