



Location Spotlight – Vadodara, India

March 2024: Complimentary Abstract / Table of Contents

Market Report
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This report provides perspectives on key aspects of the global sourcing market in Vadodara, India





Vadodara | executive summary



Emerging tier-2 Indian city delivering engineering services

Key factoids
 30,000-32,000 annual tertiary graduates

Current overview	Key drivers	Key challenges
<ul style="list-style-type: none"> Enterprises and providers leverage Vadodara as a spoke location for services delivery; therefore, the incidence of domestic services delivery is relatively higher Leveraged mostly for the delivery of engineering and R&D services, with some instances of Finance and Accounting (F&A), Human Resource (HR), and contact center service delivery 	<ul style="list-style-type: none"> Attractive cost arbitrage and low market congestion relative to tier-1 Indian locations Availability of large talent pool with multilingual capabilities (English, Hindi, and Gujarati) Stable business and macroeconomic environment, coupled with favorable government incentives and policies aiming to improve the infrastructure 	<ul style="list-style-type: none"> Unstable political environment Salary surge Linear growth Software talent shortage Optimal talent pool Reliance on imports

KEY PLAYERS:     







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Vadodara | operating and business environment risk profile (page 1 of 2)

A stable geopolitical and macroeconomic environment along with strong government support for developing suitable infrastructure

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■ Low maturity ■ Medium maturity ■ High maturity

Parameter	Everest Group rating	Comments
 Geopolitical		<ul style="list-style-type: none"> India, with a stable democratic government and smooth transitions between ruling parties, was ranked 41st in the EIU's 2023 Democracy Index and categorized as a flawed democracy Despite concerns about relationships with Pakistan and China, India maintains a substantial global presence through memberships in ASEAN, BIMSTEC, BRICS, G20, SAARC, and the UN India faces challenges such as economic inequality, religious tensions, and political polarization. The WEF's 2024 Global Risks Report highlights India's vulnerability to the risk of misinformation
 Macroeconomic		<ul style="list-style-type: none"> India, the 5th largest global economy, swiftly recovered from COVID-19 disruptions due to a resilient internal market. In 2024, inflation (currently around 5%) is expected to be moderate Fitch Ratings affirmed India's BBB- rating with a stable outlook, citing a strong medium-term GDP growth forecast and robust external finances, including reducing fiscal deficit However, in the past there have been concerns due to high corporate debt and non-performing loans. Additionally, there is relatively high dependence on imports for energy resources
 Infrastructure		<ul style="list-style-type: none"> India ranks 40th out of 141 nations in infrastructure quality in the World Competitiveness Index 2023 The Gujarat government is investing in Vadodara's infrastructure to make it a "Smart City," integrating technology into aspects like healthcare and public safety While industrial parks, road connectivity, and power supply are favorable, air and rail connectivity lags tier-1 locations. Relatively fewer domestic airline carriers operate here and offer connectivity to only a few Indian cities, and there are no direct international flights

Source: Everest Group (2024); EIU; Transparency International; World Bank; WEF; IMD; investment agencies; interviews with market participants

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Locations Insider™

	Published	Current release	Planned
Reports title	Release date		
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Talent Demand Trends India IT Services – H2 2023			February 2024
Location Spotlight – Shenzhen, China			February 2024
Location Spotlight – Riga, Latvia			March 2024
Location Spotlight – Ireland			March 2024
Technology and Operations Services Delivery in Japan			March 2024
Risk Watch 2024			March 2024
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