



Location Spotlight – Coimbatore, India

June 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 Coimbatore, India

Coimbatore | executive summary



Leading tier-1 cities delivering global services from India

Key facts
47% of global services delivered from India

Current overview

- Global services players leverage Coimbatore as a spoke location; few instances of hub centers being established here for engineering services delivery
- The incidence of global services delivery as opposed to domestic delivery is higher here than in many other tier-2/3 cities
- Primarily leveraged for the delivery of IT, engineering, and non-voice BP services (Finance and accounting (F&A), procurement, etc.)

Key drivers

- Availability of large talent pool with multilingual capabilities (English, Tamil, and Kannada) and lower competition for talent than tier-1 cities
- Offers substantial cost savings compared to other offshore locations (~15% over Bangalore)
- Multiple ongoing government initiatives to improve infrastructure, safety and security, ease of doing business, and digital readiness

KEY PLAYERS:









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

Stable geopolitical and macroeconomic environment and developing transport, utilities, and office infrastructure lay a strong foundation for the delivery of global services from the city

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Parameter	Everest Group rating	Comments
 Geopolitical		<ul style="list-style-type: none"> India grapples with issues such as economic inequality, religious tensions, and political fragmentation. The WEF 2024 Global Risks Report identifies India's susceptibility to misinformation risks Known for its stable democratic governance and smooth political transitions, India ranked 41st in the EIU Democracy Index 2023 and is categorized as a flawed democracy India maintains a significant global presence through its memberships in ASEAN, BIMSTEC, BRICS, G20, SAARC, and the UN, although it faces ongoing concerns about its relations with Pakistan and China
 Macroeconomic		<ul style="list-style-type: none"> Historically, the world's fifth-largest economy, India has faced issues with high corporate debt and non-performing loans, and it continues to heavily rely on imported energy resources The country quickly recovered from COVID-19 disruptions thanks to its resilient domestic market and diversified growth drivers. In 2024, inflation, currently around 5%, is expected to remain moderate and stable Fitch Ratings has upheld India's BBB- rating with a stable outlook, attributing this to strong medium-term GDP growth prospects and solid external finances including a declining fiscal deficit
 Infrastructure		<ul style="list-style-type: none"> Coimbatore Smart Cities Mission has significantly enhanced water quality, drainage, and road infrastructure. Future plans prioritize housing, public transport, digitization of administrative tasks, and ecological balance Coimbatore boasts of multiple IT parks such as India Land, TIDEL, and TICEL, located in the Special Economic Zone (SEZ) Coimbatore International Airport is experiencing rising domestic passenger traffic and aims for expansion; however, the lack of direct international connectivity remains a concern Some concerns around absence of a suburban rail network; metro rail is expected to be operational by 2027

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

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Locations Insider™

	Published	Current release	Planned
Reports title	Release date		
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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
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Risk Watch 2024			March 2024
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