

India City Competitiveness Report 2010

Report Preview



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Introduction

The India City Competitiveness Report 2010 comes at a time when Indian cities are poised to move to the next level of awareness and productivity. Cities, as collectives of companies and people, are seeking directions to move towards a better future. This ranking and analysis of their competitiveness is a critical first step for cities to see themselves through a comparative perspective. In this way, the India City Competitiveness Report 2010 focuses on being a harbinger for positive change for Indian cities by helping cities re-assess and improve their competitiveness.

The growing importance of cities

Urban areas are clearly emerging as the focal points of economic activity in India and cities have never been more critical to the nation's pursuit of growth and prosperity.

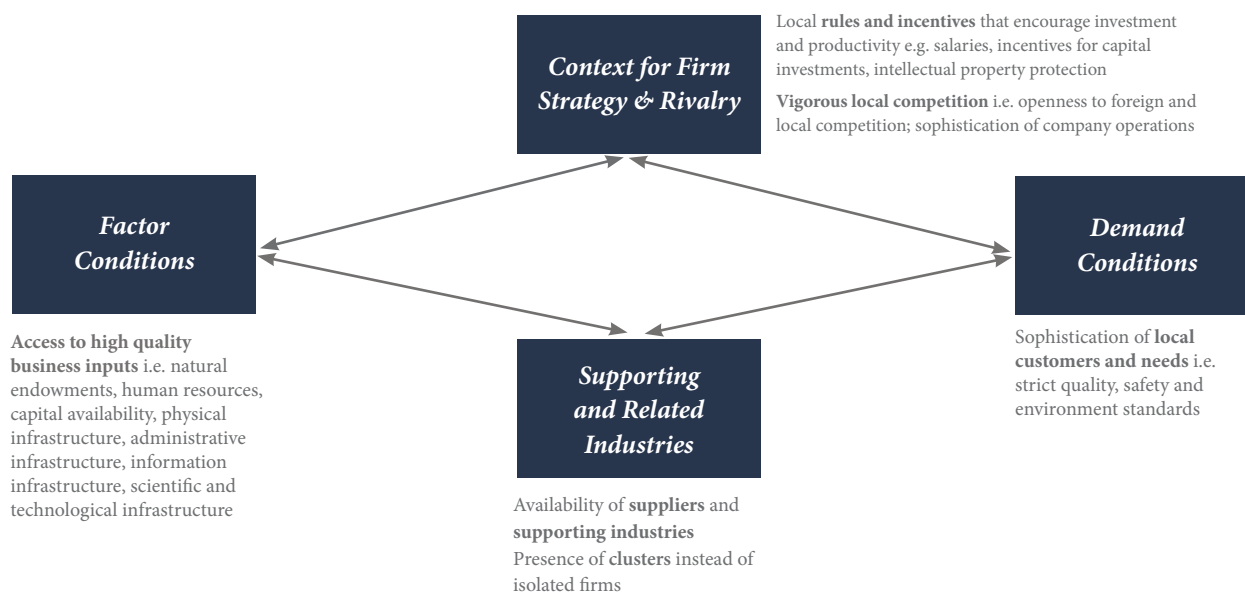
Cities, with their larger market size in a restricted geographical area, offer several opportunities for business and trade. Cities create jobs, and function as hubs for domestic and international trade, transport and communication. They attract immigrants and tourists and, most importantly, encourage the development and sharing of knowledge, creativity and innovation, which are the true drivers of the economy.

At present, Indian cities have less competitive economies, lower international profiles and more challenging social and environmental agendas as compared to their international counterparts. Indian cities need to assume a 'powerhouse' role in the Indian economy to truly catapult the country's growth. Focusing on competitive potential is the most efficient way to achieve economic success. Once a city realizes its competitive potential, the focus must also be on how it can disseminate its success to the regions surrounding it.

Methodology

The report uses Porter's Diamond Model for its work on competitiveness, which is a benchmark model based on the seminal work on strategy and competitiveness by Michael E. Porter, Bishop William Lawrence University Professor, based at Harvard Business School and used widely by leading academic institutions across the world.

The model proposes that four interlinked advanced factors—demand conditions, factor conditions, context for firm strategy and rivalry, and supporting and related industries—are instrumental in determining competitiveness for a particular region or country. A city would need to improve along all these factors to increase its competitiveness. Each of these factors are further divided into sub-indices, which in turn are measured through indicators.



Microeconomic Competitiveness: The Diamond
(Understanding Business Environment)

Source: Porter, 1990

Over 800 indicators were used to measure the competitiveness of 50 Indian cities, as opposed to the 37 cities that formed part of the report last year. The India City Competitiveness Report 2010 uses hard data published by the Government of India through reports disseminated by the various ministries, government-funded research organisations and other credible organisations to eliminate the possibility of personal bias or sampling errors. The gaps in the data have been filled by using similar sized data or through extrapolation to prevent undue bias. The multiple parameters were developed into comprehensive indices and care was taken to prevent multi-collinearity with the use of Principle Component Analysis to define the weights placed on each indicator and sub index.

India City Competitiveness 2010 Rankings

Having added 13 cities to this year's index, there has been a subtle shifting of ranks. The six metros—Delhi, Chennai, Mumbai, Bengaluru, Kolkata and Hyderabad—are right up on top, followed by Ahmedabad, Pune, Nagpur and Jaipur as India's ten most competitive cities.

This year, Delhi has moved up one slot to become the most competitive Indian city, while Mumbai has dropped in ranking from 1st to 3rd place, letting in Chennai into 2nd slot.

Indian cities need to assume a 'powerhouse' role in the Indian economy to truly catapult the country's growth. Focusing on competitive potential is the most efficient way to achieve economic success.

City	Rank-2010	Rank-2009
Delhi	1	2
Chennai	2	4
Mumbai	3	1
Bengaluru	4	3
Kolkata	5	5
Hyderabad	6	6
Ahmedabad	7	7
Pune	8	8
Nagpur	9	13
Jaipur	10	9
Chandigarh	11	11
Surat	12	10
Gurgaon	13	12
Indore	14	17
Coimbatore	15	14
Kochi	16	15
NOIDA	17	19
Goa	18	16
Shimla	19	18
Kanpur	20	20
Dhanbad	21	-
Ludhiana	22	21
Varanasi	23	-
Vadodara	24	25
Madurai	25	-
Agra	26	-
Bhopal	27	24
Lucknow	28	22
Thiruvananthapuram	29	23
Faridabad	30	31
Dehradun	31	33
Rajkot	32	-
Kozhikode	33	26
Guwahati	34	27
Bhubaneswar	35	28
Mysore	36	29
Jammu	37	32
Nashik	38	30
Vijayawada	39	-
Srinagar	40	34
Vishakhapatnam	41	35
Jamshedpur	42	37
Amritsar	43	-
Jabalpur	44	-
Meerut	45	-
Patna	47	36
Ranchi	48	-
Asansol	49	-
Allahabad	50	-
Puducherry	50	-

Using the report

The report, coupled with analytical inputs, allows policy makers as well as companies invested in or planning investments in Indian cities to:

- Evaluate performance versus other cities
- Identify sectors where the city is inherently competitive
- Identify areas of weakness that need to be addressed (infrastructure, governance or lack of higher education, for instance)
- Identify faulty policies
- Evaluate the existing vision/positioning or develop a new one
- Formulate strategy to improve competitiveness (incentives such as speedy approvals and land, etc.)

Corporate organizations would specifically be able to use the report to assess specific cities as avenues for investment, business expansion and development. They would also use the report to:

- Choose new business locations
- Judge the best fit of their business with the city's competitiveness
- Find opportunities in areas where the city is lacking

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