India’s booming smaller cities

What is the issue?

The InfoTech industries heading a charge to tier-2 and tier-3 cities have been speeded up by the pandemic.

Do people prefer smaller cities for work?

- India’s second-level cities are finally coming of age.
- The pandemic has both accelerated and slowed the move to tier-2 and tier-3 cities.
- Fresh Graduates looking for career in big metropolitan cities are rethinking to stay in Tier 2 and Tier 3 cities and build a career there.
- The youngsters who work from home (WFH), especially those who don’t have customer-facing jobs are reluctant to return to Big City with higher rents and hour-long commutes.

What do industries prefer?

- Industries also re-evaluate their deepest beliefs on how companies should function.
- Remote operating model’s success, without a productivity dip, has proved employees no longer need to be in metro cities to execute projects.
- The big-city exodus is mainly led by the IT/ITeS sectors followed by engineering-services firms and Start Ups
- This is due to high rents and rising costs of hiring talented youngsters in the bigger cities.
- Others are also training their eyes in the same direction.
- The level of disruption in smaller cities is much lower when compared to metro cities.
- Staffers are returning to offices at a brisker pace in tier-2 and tier-3 centres than in metro units.
- Given these advantages, companies are likely to aggressively open new centres in tier-2 and tier-3 cities like Kochi, Coimbatore, Ahmedabad, Indore, Jaipur, Lucknow, Bhubaneswar, Chandigarh, Kakinada, Vijayawada and Warangal.

What has triggered the enthusiasm for tier-2 and tier-3 cities?

- The biggest driver is the Internet and mobile phones. It brings the world to even to a remote village.
- Eating out and entertainment options are virtually the same as in bigger cities.
- Many franchise stores have expanded their operations across smaller Indian cities.
- Several restaurants have also turned their attention to these cities as they recover faster from the pandemic than metro cities.
- The entertainment options like malls and cinema halls are also the same.
- State governments also are aware of the need to provide uninterrupted power and telecom facilities.

- Several of these cities have engineering colleges where tech and engineering services companies can hire from.

What are the concerns associated?

- Youngsters don’t want to be stuck in one company. They worry about opportunities available because there aren’t too many companies in a tier-2 city.
- India’s corporate world has always revolved around a handful of cities.
- However this is about to change dramatically as a flood of companies head to smaller-city India.
- Infotech companies moving to smaller cities suddenly found their office-building plans put on hold due to pandemic curbs.
- IT/ITeS sectors occupy 40% of the commercial real-estate sector
- They offer a huge chunk of jobs. So any move they make is bound to have an enormous impact.

Reference

1. https://www.thehindubusinessline.com/opinion/columns/indias-booming-smaller-cities/article38115990.ece

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