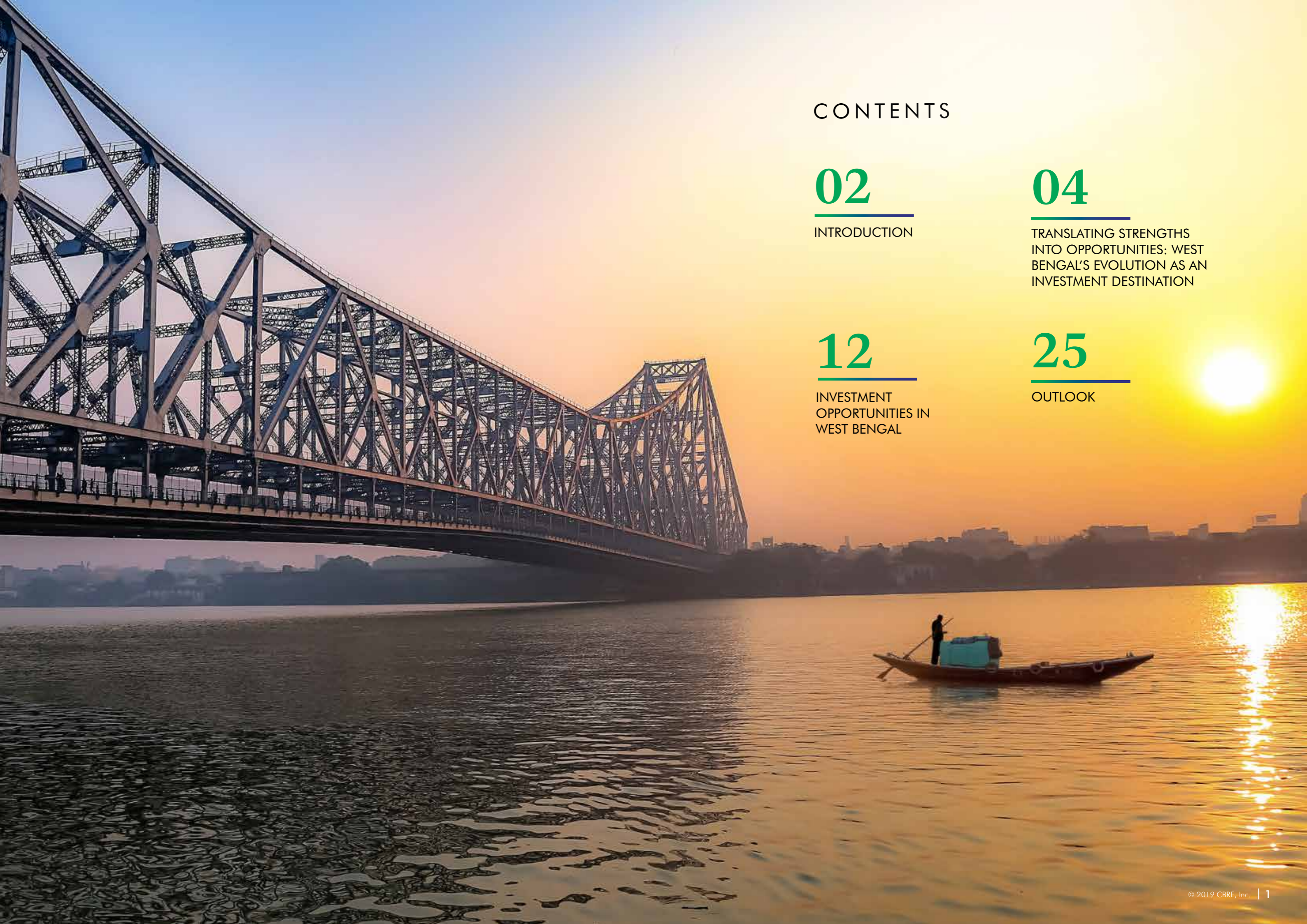


WEST BENGAL
**A BEACON OF
GROWTH IN
THE EAST**



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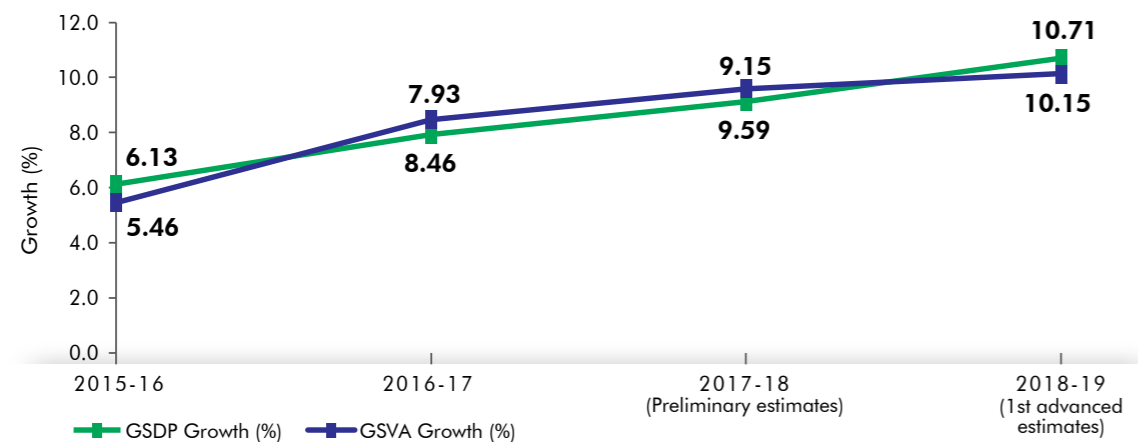
Introduction

West Bengal, the 13th largest state and the sixth largest economy of India, acts as the entry point for businesses seeking a foothold in South East Asian and ASEAN countries. The state's large talent pool, transparent governance processes and much-improved social and physical infrastructure have made its position stronger as a business hub. Successive state governments have undertaken several initiatives to develop West Bengal into an investment destination. These initiatives include improving higher education and encouraging industry – university collaboration for skill development, encouraging small-scale industries to create jobs, and modifying tax revenues to attract more businesses.

Economic Overview

With a population of nearly 91 million, the state accounted for a 5.8% share in the national GDP during 2018-19. Its GSDP growth has accelerated significantly from 6.1% in 2015-16 to 10.7% in 2018-19¹.





West Bengal's economic growth over the years



Source: Medium Term Fiscal Policy Statement and Fiscal Policy Strategy Statement for 2019-20, WB Finance Department, at constant price

1. Medium Term Fiscal Policy Statement and Fiscal Policy Strategy Statement for 2019-20, WB Finance Dept (figures for 2018-19 are based on first advanced estimates)

West Bengal strengths: A snapshot

- 
 West Bengal ranks 3rd in India in terms of **mineral production**, accounting for about one-fifth of India's total production. The state also accounts for **10% of the country's total steel capacity**.
- 
 The state's growth can be attributed to the services sector, which **contributed almost 53%**, followed by the industry sector (**about 29%**).
- 
 West Bengal houses more than **500 IT companies**, employing more than **135,000** people directly/indirectly.
- 
Exports grew by 10.5% during 2016-17 fiscal while debt as a percentage of GSDP reduced from **40.65% during 2010-11 to 33.72% during 2016-17**².

2. Economic Review 2017-18



**Translating strengths
into opportunities:
West Bengal's evolution
as an investment
destination**

Infrastructure Initiatives

The state has the country's third largest road coverage spanning more than 3 lakh km and the second largest metro rail network which includes India's first underwater Metro tunnel³. Its capital city, Kolkata, is a major commercial and industrial hub of eastern India and is well connected with the rest of India via rail, road, air and water. Rapid infrastructure development improved multi-modal transportation network and focus on skill development have boosted the city's image as a business-friendly centre. Further, the country's mega infrastructure projects such as the Dedicated Freight Corridor (DFC), Sagarmala project and inland waterways project are expected to further improve the city's prospects as an investment destination.

Below is a lowdown of some major infrastructure works that are expected to boost the state's prospects as an investment destination:

- **Eastern Dedicated Freight Corridor (EDFC)** – It is a part of the central government's dedicated freight corridor initiative to enable seamless movement of goods and develop one of the world's largest cargo operations network. With a route length of 1,856 km across six states, the freight corridor runs between Dankuni in West Bengal and Ludhiana in Punjab. Of this, 203 km will fall in West Bengal⁴. It is predicted that 92 million tonnes of traffic would move through the Eastern Dedicated Freight Corridor. The first phase of the Eastern Dedicated Freight Corridor (Bhadan to Khurja, 200 km) has been completed⁵.
- **Amritsar** – Kolkata Industrial Corridor (AKIC) – This is a part of the central government's dedicated freight corridor initiative. Originating from Amritsar in Punjab and ending at Dankuni in West Bengal, this 1,839-km stretch will connect six states – West Bengal, Jharkhand, Bihar, Uttar Pradesh, Uttarakhand and Punjab. As about 40% of the stretch would be earmarked for manufacturing activities, this initiative is likely to give a major boost push to industrial activity in the adjoining regions. Additionally, every state will also have the provision to promote about 10 sq. km. as Integrated Manufacturing Cluster (IMC) near the stretch.
- **Inland Waterways** – The state is working to develop a major inland waterway hub across Haldia, Howrah and Kolkata. The Inland Waterways Authority of India (IWAI) is planning to convert 106 rivers into National Waterways to navigate cargo within country at much cheaper and smoother manner. As part of this initiative, the industrial hinterlands of West Bengal such as Haldia, Howrah and Kolkata have been identified as the key nodes for the eastern region.
- **International road network** – The state is constructing a road to connect Bhutan and India to improve trade relations. This road is a part of an Asian highway and is in advance stage of construction.
- **Ports** – The state houses two major ports – Haldia and Kolkata. Together, these two handle large volumes of traffic and cargo every year. The Kolkata port handled a record traffic of about 64 million tonnes of cargo in 2018, registering a yearly growth of about 10%. On the other hand, Haldia handled about 45 million tonnes of cargo traffic, a yearly growth of close to 12% in 2018. Under its Make in India programme, the Centre has identified the state's Tajpur port for increasing overall cargo handling capacity.
- **Greenfield airport & aerropolis** – The state has developed a greenfield airport near Durgapur to cater to its growing industry. Further, the state is also building a township in and around the airport, complete with various commercial and residential developments. The township will also house an industrial facility for the maintenance of aircraft and ensuring its self-sufficiency.





3. WBIDCL – Shilpa Sathi

4. Dedicated Freight Corridor Corporation of India Ltd

5. Make in India website

Key policy measures

Given below are a few policy initiatives aimed at generating investments:


Policy	Aim	Key incentives
 West Bengal IT Policy 2013 – 2018	<ul style="list-style-type: none"> • To promote West Bengal as an innovation destination and strengthen its tech portfolio • To focus on making West Bengal a cyber security cluster, thereby ensuring the security of the IT industry in the digital economy 	<ul style="list-style-type: none"> • 15% additional FAR for IT/ITeS developments • Land allotment at subsidized rates • Deployment of PPP model to encourage the tech industry • Single-window clearance for investors for effective work procedure and interactions with the government
 West Bengal Industrial Scheme – 2013	<ul style="list-style-type: none"> • To enhance industrial activity in the state by providing incentives and financial support to industrial units, especially MSMEs • To propel investment and infrastructure activity for industrial growth 	<ul style="list-style-type: none"> • Waiver of duty, fees and stamp duty • Subsidized land conversion cost • Industrial promotion assistance by providing financial assistance
 MSME Policy – 2013 and 2018	<ul style="list-style-type: none"> • To enhance MSME productivity in sectors such as food processing, agro industries, leather, gems and jeweler, handicrafts, etc. • To provide incentives to boost MSMEs • To develop clusters that promote innovation and provide them financial as well as other support 	<ul style="list-style-type: none"> • Promoting joint ventures with private firms • Improving infrastructure to develop industrial clusters • Waiver of stamp duty and charges
 Information and Communication Technology Policy – 2012	<ul style="list-style-type: none"> • To establish West Bengal as one of top three states in the country in terms of the turnover and employment generated by its tech sector by 2020 • To create a robust IT ecosystem to enhance competitiveness and productivity of the state's economy • To create an investor-friendly climate so as to increase the state's share electronic goods production to 15% by 2020 • To promote the Animation and Gaming Industry (AGI) in the state 	<ul style="list-style-type: none"> • Promoting horizontal use of land by introducing necessary changes in building rules and regulations • Initiating infrastructure development in tier II and III cities to enable sectoral expansion • Providing fiscal benefits for new set-ups in tier II and III cities • Promoting innovation and R&D via venture capital fund and establishing incubation centers • Provision of venture capital corpus of INR 10 crore to support innovation among local entrepreneurs • Providing infrastructure support at competitive costs to large Electronics System Development and Maintenance (ESDM) units



Start-up Policy 2016-2021


- To establish West Bengal as the start-up destination of the country by providing a supportive ecosystem and encouraging new entrepreneurs
- To support existing business incubators
- To create a platform that enable start-ups to access multiple avenues for financial support
- Fund capital expenditure of up to INR 10 lakh for educational institutes in order to create a Central Entrepreneurship Development Center (EDC)
- Spend INR 10 lakh annually to support entrepreneurship and start-up-led innovations
- Provide early stage fund to start-ups to enhance sustainability
- Reimburse the cost of filing for patents incubated by start-ups in the state
- Special fiscal incentive to investment bankers at 1% of the investment made via registered Venture Capital into state-based start-ups
- Special fiscal incentive of 2% to incubators on investments received by its incubates from SEBI-registered Venture Capital into state-based start-ups

In addition, the government has launched several schemes and incentives to encourage small businesses and emerging entrepreneurs. Apart from the start-up policy whose details have been mentioned above, these steps include:



NODAL DEPARTMENT FOR START-UPS:

» The state had identified the Department of MSMEs as the nodal department for providing support on start-up activities in the state.



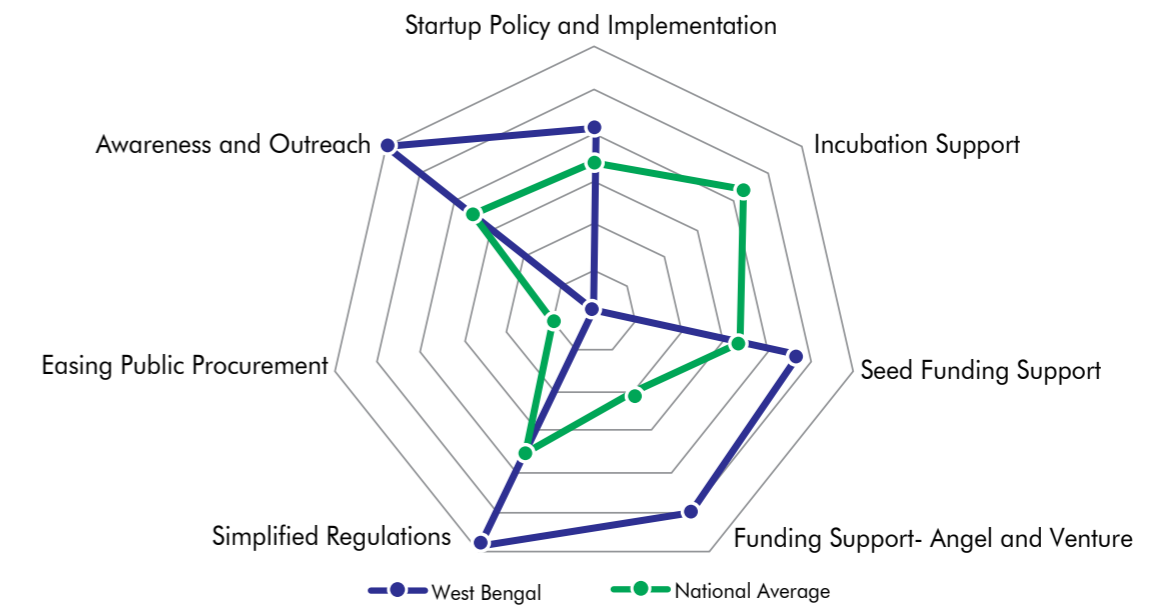
DEDICATED PORTAL

» The state has developed startupbengal.in as a dedicated portal for start-ups. It contains detailed information on the support provided by the state to such ventures including incentives, funding, venture capitals, incubation centers, amongst others. The website also enables start-ups to register and apply for the supports online without physical visit to the offices.

These initiatives by the state has proved to be immensely productive as about 417 start-ups have emerged in the state since 2016. Start-ups in Kolkata have raised USD 43.7 million across 37 deals from 2014-2019⁶. For its efforts, the Department of Industrial Policy and Promotion (DIPP) has recognized the state as an 'Aspiring Leader' in the State Start-up Ranking 2018. Further, the state has performed well on the seven-pillar framework for start-up ranking, positioning itself as one of the third highest scorer⁷.

6. Datalabs by Inc42
7. States Start-up Ranking Exercise 2018

West Bengal's performance on key parameters of the State Start-up Ranking 2018



Source: State Start-up Ranking Exercise 2018

While the state has performed exceedingly well on five of the aforementioned pillars, its performance on the remaining two pillars – Incubation Support and Easing Public Procurement – has been well below the national average. One of the primary reasons behind this performance is the fact that the government is yet to provide sanction on four of the 17 state-supported IT parks that are expected to serve as incubators. Another reason is the fact that the state has yet to lift the 'prior turnover or experience' restriction on government tenders for start-ups. Once these issues are resolved, the state's ranking in the next such ranking exercise is expected to inch upwards.

Improving ease of doing business

Owing to policy reforms, West Bengal ranked 10th in the country in terms of Ease of Doing Business. With an overall score of 94.6 on the reform parameters set by the government, the state overtook major states such as Maharashtra and Tamil Nadu on this index in 2017-18⁸. The policy reforms which aided in this ascent include dissemination of web-based information, incentives and land allotment for real estate developments, GIS mapping, decentralization of approval power, introduction of self-declarations and self-certifications, reduction of documentation and single-window solution.

A comparative analysis of the state's trajectory on the Ease of Doing Business index over the years:




STATES	2015-16	2016-17	2017-18
ANDHRA PRADESH	2	1	1
TELANGANA	13	1	2
HARYANA	14	6	3
GUJARAT	1	3	5
KARNATAKA	9	13	8
WEST BENGAL	11	15	10
UTTAR PRADESH	10	14	12
MAHARASHTRA	8	10	13
TAMIL NADU	12	18	15
DELHI	15	19	23

Source: Department of Industrial Policy & Promotion

8. West Bengal Economic Review 2017-18

Building its Industrial profile

Owing to rich mineral deposits and its key position as the growth capital of the country, West Bengal has traditionally seen high industrial activity along select corridors. Over time, its industrial profile evolved in keeping with the times and the IT / ITeS sector became one of the highest contributors to its economy. Below is an overview of the state's key industries and the steps the government has taken to improve its industrial profile over the years:

Industry	Overview
 <p>IT/ IteS</p>	<p>The state had identified tech as a priority sector in early 2000s and enacted its IT policy way back in 2003. The focus was on long-term value addition by developing intellectual leadership, promoting IT-based education, proliferating tech culture and establishing specialized education institutions. Currently, the state has more than 500 tech firms, directly and indirectly employing about 135,000 people. The state's supportive business environment has led to the state's IT exports growing by 80% between 2012 and 2017. Additionally, the state is aiming to increase its share in the production of electronic goods to 25% by 2030⁹.</p> <p>This phenomenal growth can be attributed to its positive policy changes, consistent expenditure on promoting the sector (the state's provision to expenditure ratio for IT sector has remained steady at more than 80% between 2015 and 2017) and new initiatives to encourage the IT-ITeS sector, which include:</p> <ul style="list-style-type: none"> • Identifying about 200 acres of land to develop an IT hub • It is setting up seven IT parks, two electronic manufacturing clusters and two hardware parks across the state • Single-window approval system for corporates and business groups • Subsidized land
 <p>Heavy Engineering</p>	<p>The engineering industry is one of the traditional industries of the state, due to the easy availability of raw materials, port connectivity, and skilled manpower. West Bengal accounts for 10% of the country's total steel capacity, thanks to Durgapur which is home to two major steel plants. In addition, heavy engineering units such as casting, forging, metallic articles, machinery, generators, transformers, electric motors, ships and vessels and related accessories, railway wagons and accessories have been the dominant traditional industries in Kolkata Metropolitan Area (KMA) in terms of contributing substantially to state domestic product and providing considerable employment.</p> <p>West Bengal is one of the key exporters of engineering goods in the eastern region, accounting for an about 60% share¹⁰. The state exported iron, steel and related products worth more than USD 1,300 million in 2016-17¹¹. Further, the total value of mineral production (excluding atomic and minor minerals) from the state stood at USD 1.3 billion during 2017. The industry employs more than 0.3 million people in the state.</p> <p>Below is a lowdown of the existing industrial infrastructure of the state¹²:</p> <ul style="list-style-type: none"> • More than 200 industrial parks/estates • 20,000 acres of land for industrial purposes • Six textile parks • Two existing gems and jewellery parks
 <p>Construction</p>	<p>Construction Industry is the second biggest contributor to the state domestic product after the engineering and manufacturing sector. The contribution of this sector in KMA districts grew by an average of 5.3%¹³ in the current decade. Real estate and infrastructure development accounts for a major portion of the construction sector. Considering its various upcoming projects such as industrial parks, chemical park and ports, state's action plan has opened opportunities for private player to capitalize. Also, the real estate activity in the state has increased at a significant pace of 9.8%¹⁴ in the current decade.</p>

09. West Bengal Economic Review 2017-18

10. Commerce & Industry Department, West Bengal

11. West Bengal Economic Review 2017-18

12. West Bengal Industrial Development Corporation

13. State Domestic and District Domestic Product of West Bengal - 2014

14. State Domestic and District Domestic Product of West Bengal - 2014



MSMEs

West Bengal is home to the second highest number of MSMEs in the country, accounting for 14% of India's total MSMEs¹⁵. According to government estimates, nearly 95% of MSMEs in the state are in the unorganized sector and this sector employs nearly 1.1 crore people in West Bengal. The state government has taken concrete steps in developing this sector which include skilling initiatives, industry-specific schemes such as Comprehensive Handloom Development Scheme and Project Terracotta, and even organizing industry fairs. For instance, under the state's Old Age Pension Scheme, more than 8,000 artisans and weavers received a monthly pension of INR 1,000; while the state had covered 191,000 families till December 2017 under its insurance scheme for the MSME sector¹⁶.



15. Invest India

16. West Bengal Economic Review 2017-18

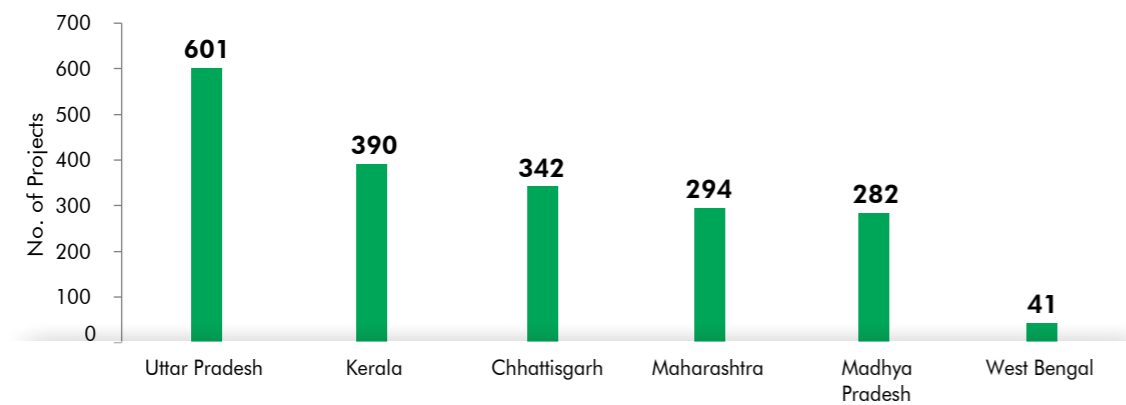
The image features a background of a computer monitor displaying a blue grid with a white line graph showing an upward trend. In the foreground, there are five stacks of gold coins of increasing height from left to right. A hand is visible on the right side, holding a fan of US dollar bills. A green and blue L-shaped graphic element is positioned to the left of the text.

Investment opportunities in West Bengal

While the state's investment potential has gone up substantially, thanks to a friendly policy environment, it lags behind other states in terms of state-sponsored investment opportunities. To encourage private investment across the country, the central government has identified projects in all states across various segments such as real estate, infrastructure, auto, textile, transport, etc. It has been encouraging private players to participate in these projects under the public-private partnership (PPP) model.

West Bengal too has identified several projects across the spectrum for private investment. These include the USD 1.27-billion Pashchim Bardhaman – Purba Medinipur Expressway Project and the USD 889-million Bandu Nala Hydel Project in Purulia. However, when compared with other states in terms of these investment opportunities, the state has a long way to go. Given below is a comparison:

Top five states in terms of no. of opportunities



Source: Invest India (status as of 14 November 2019)

Below are a few details of the PPP opportunities that West Bengal currently has on offer:

Current investment opportunities in West Bengal

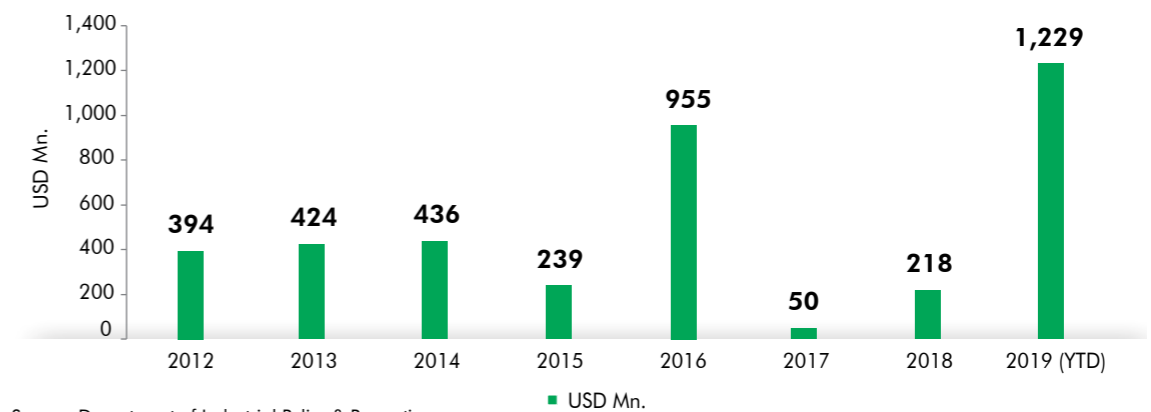


Source: Invest India

Foreign Direct Investments

Favourable demographics, strategic location and improving business environment have driven up foreign investment inflows in West Bengal. To enhance its FDI potential, the state has undertaken several initiatives such as single window facility to avail state services, dedicated government departments to monitor and support business processes, sector-specific policies, incubator and monitoring centers for start-ups, incentives for tech, manufacturing, and other sectors, etc. The state is also encouraging public – private partnership in various segments of real estate such as office spaces, housing and retail amongst others. In the recent past, various key private equity firms such as KKR, Blackstone, and ESR have invested in various asset types such as office, retail and logistics.

FDI inflows in West Bengal: 2012 – 2019 (YTD)



Source: Department of Industrial Policy & Promotion

West Bengal's real estate market – Kolkata-centric but growth moving towards tier II cities

West Bengal is considered as one of the prominent real estate markets in the country, especially because of its capital Kolkata. The city served as the British capital until 1911, leading to the mushrooming of smaller industrial townships nearby. These included Durgapur, Asansol, Bardhaman, Haldia and Kharagpur, with mining and manufacturing being the key sectors. While Kolkata remains the state's primary real estate market, the infrastructure push (examples include the Andal airport, the Silicon project) and a positive policy scenario has propelled RE growth towards tier II cities as Durgapur, Siliguri and Darjeeling – which have consistently attracted investor interest over the years.

Some key investment instances in West Bengal in past few years:

Year	Investor	Asset Type	Micro-market	Location	City	Estimated Investment (INR / Cr.)
2018	GIC / HDFC	Residential	SBD	Bata Nagar	Kolkata	231
2018	Kohlberg Kravis Roberts	Office	PBD	Rajarhat	Kolkata	170
2017	Xander	Residential	SBD	Science City	Kolkata	135
2017	JM Financial	Residential	SBD	Howrah	Kolkata	130
2018	ESR	Logistics	NH-6	Uluberia	Kolkata	100
2018	Centrum	Residential	Bardhaman	Bardhaman	Bardhaman	43

Source: Invest India

Further, Major corporates such as Reliance Industries, JSW steels, ITC, Coca-Cola, Luxmi Tea, Great Eastern Energy Corporation and H- Energy have also committed to invest about INR 39,000 Cr¹⁷.

17. Bengal Global Summit 2019



How the smaller cities have fared

Siliguri

By way of its geographical location, Siliguri is favourably positioned to serve as the commercial link between the north-eastern states and the state economy. The real estate market in Siliguri and North Bengal has gained tremendous momentum in the past few years, especially in the high-end residential sector. Investors from north-eastern states and from neighbouring countries such as Nepal, Bhutan and Bangladesh are driving this demand. Further, the city has also witnessed the emergence of IT firms such as Fixfin Technologies, Techomax. The growing real estate demand has positioned Siliguri as one of the fastest growing RE markets in West Bengal. The state's logistics sector too has been growing rapidly, with the government developing an Inland Container Depot in the city to facilitate trade with neighbouring countries such as Bangladesh, Nepal and Bhutan.



Industrial Base

- Tea auction centre of West Bengal, facilitating about 450 tea gardens spread across Darjeeling, Dooars and Terai regions



Connectivity

- Connected to all North-Eastern states via rail, road and air
- Also well connected to neighbouring countries such as Bhutan, Nepal, Bangladesh and Myanmar



Talent Base

- University of North Bengal
- North Bengal Medical College
- Darjeeling Tea Research & Management Association

Durgapur

Known for its steel plant and other heavy industries that came up subsequently, the city is now experiencing a rush of real estate activity. Located about 160 kms north-west of Kolkata, the city has witnessed the launch of a slew of residential and commercial projects. The retail sector too is flourishing, as new malls are opening up and retailers are showing an active interest in these commercial spaces.



Industrial Base

- Integrated steel plants of the Steel Authority of India Ltd (SAIL)
- Bengal Aerotropolis, a 1,400-acre greenfield project, to support industrial development in the state



Connectivity

- Well connected to North and North-East and Central India via rail and road
- Air connectivity via the newly operational Andal airport



Talent Base

- National Institute of Technology
- Central Mechanical Engineering Research Institute
- National Power Training Institute

Howrah

The twin city of Kolkata is largely characterised by the presence of numerous industries. Of late, the industrial development in Howrah is getting more organized, with the state government marking speciality zones for specific industries. The presence of multiple MSMEs in the district has also positioned Howrah as the preferred industrial destination of the state. Howrah has also attracted significant investment for development of residential and commercial projects. The New Kolkata West International City, a 500 hectares project with residential development, IT Parks, shopping malls, sport complex and hospital is a key attraction of the city. Further, the industrial cluster in the city has also observed significant development as state had earmarked speciality zones for food park (54 acres), poly park (66 acres) and an industrial park for artisans.



Industrial Base	Connectivity	Talent Base
<ul style="list-style-type: none"> Engineering hub of the state with several light engineering industries Home to several jute units 	<ul style="list-style-type: none"> Well connected to the entire country via road, air, rail and water The Asian Highway passes through the city 	<ul style="list-style-type: none"> Indian Institute of Engineering Science and Technology

Bardhaman

The heritage town of Bardhaman located at about 100 km north-west of Kolkata city is gaining significant RE activity. Being the business center point to various nearby district the town has gained the stance of convenient residential location. With the growing boundary of the town, the local development authority had sanctioned about 350 acres for the development two residential properties and an IT park. The authorities have identified about 6 acres for a health city and about 10 acres for the IT park. Further, private developers such as Bengal Shrachi and Bengal Ambuja are developing about 257 acres and 96 acres of township project in the town.



Industrial Base	Connectivity	Talent Base
<ul style="list-style-type: none"> Varied industrial base Home to companies operating in segments such as food and power 	<ul style="list-style-type: none"> Well connected to the entire country via road, air, rail and water The Grand Trunk Road passes through the town 	<ul style="list-style-type: none"> Bardhaman Medical College University Institute of Technology

Key Industrial and IT Parks in West Bengal

MAJOR INDUSTRIAL PARKS			
NAME OF PROJECT	CITY / DISTRICT	SEGMENT	TOTAL AREA (ACRES)
SHALBONI INDUSTRIAL PARK	SALBONI	IRON & STEEL	4,472
RAGHUNATH INDUSTRIAL PARK	PURULIA	IRON & STEEL	3,452
PANAGARH INDUSTRIAL PARK	BARDHAMAN	MULTI-PRODUCT	1,475
ULUBERIA INDUSTRIAL PARK	PASCHIM MEDNIPUR	MULTI-PRODUCT	1,150
CHEMICAL PARK	HOWRAH	CHEMICAL	400
SAHACHOWK INDUSTRIAL PARK	KHARAGPUR	IRON & STEEL	357
KHARAGPUR GENERAL INDUSTRIAL PARK	KHARAGPUR	IRON & STEEL	192
GODAPAISAL INDUSTRIAL PARK	PASCHIM MEDNIPUR	CEMENT	154
SANKRAIL FOOD PARK	HOWRAH	FOOD PROCESSING	138
JANGIPUR BENGAL MEGA FOOD PARK	MURSHIDABAD	FOOD PROCESSING	86
KALYANI INDUSTRIAL ESTATE	NADIA	MULTI-PRODUCT	70
POLY PARK	SANKRAIL	PETROCHEMICAL	56
MALDA FOOD PARK	MALDA	FOOD PROCESSING	29
BEHALA INDUSTRIAL ESTATE	KOLKATA	MULTI-PRODUCT	15
CHAKGARIA FOOD PARK	KOLKATA	FOOD PROCESSING	12
GEMS & JEWELLERY PARK, ANKURHATI	HOWRAH	GEMS & JEWELLERY	6
MANIKANCHAN	KOLKATA	GEMS & JEWELLERY	5
SHILPANGAN	KOLKATA	LIGHT ENGINEERING	2
KOLKATA BIOTECH PARK	KOLKATA	BIO-TECH	1

MAJOR IT PARKS			
NAME	CITY / DISTRICT	SEGMENT	TOTAL AREA (ACRES)
HALDIA IT PARK	HALDIA	TECH	24.1
HOWRAH IT PARK	HPWRAH	TECH	23.6
KALYANI IT PARK	NADIA	TECH	21.9
ASANSOL IT PARK	ASANSOL	TECH	19.9
BARJORA IT PARK	BARJORA	TECH	19.8
BOLPUR IT PARK	BOLPUR	TECH	19.6
DURGAPUR IT PARK PH -II	DURGAPUR	TECH	19.4
SILIGURI IT PARK PH II	SILIGURI	TECH	19.2
KHARAGPUR IT PARK	KHARAGPUR	TECH	19.1
PURULIA IT PARK	PURULIA	TECH	19.1
RAJARHAT IT PARK	RAJARHAT	TECH	16.8
SONARPUR HARDWARE PARK	SOUTH 24 PARAGANAS	TECH	7.6

Source: Industrial Infrastructure in Bengal, BGBS 2017

Kolkata – The biggest dot on West Bengal’s RE map

The state capital Kolkata has a population of around 5 million and an extended metropolitan population of over 14 million, making it the third-largest urban agglomeration and the fourth-largest city of the country. Despite being steeped in history, the city is making quick progress in terms of real estate development. The city serves as the point of entry for retailers looking to have a footprint in the country's east. Development of investment-grade properties, investments by various national and local developers, entry of global retailers and firms is significantly propelling the real estate sector in the city.



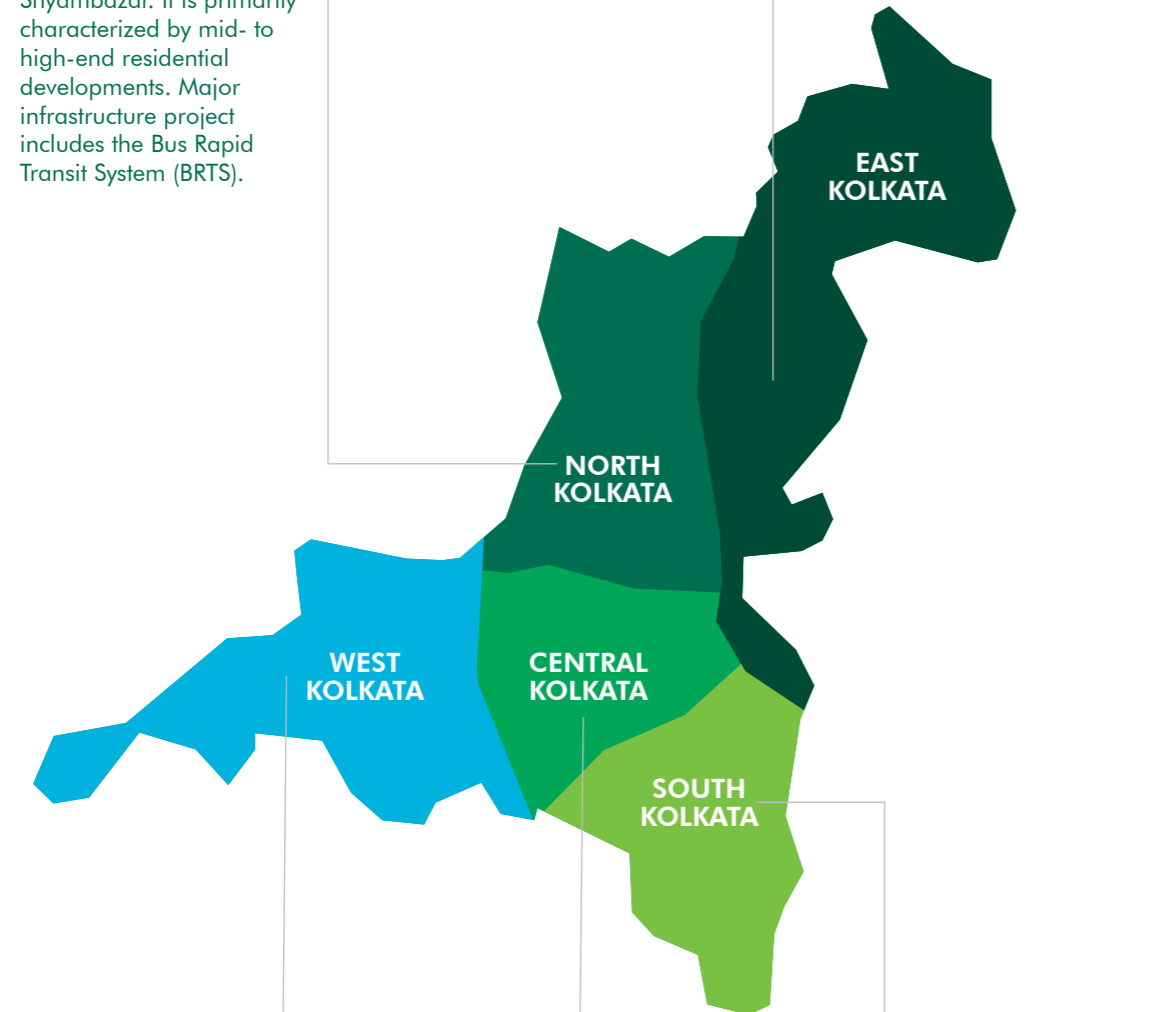
Key location nodes of Kolkata

NORTH KOLKATA

North Kolkata is a densely populated area, with high affluence levels and literacy rates. It houses some prominent retail developments (Mani Square, DCN) of the city along with the retail high street market of Shyambazar. It is primarily characterized by mid- to high-end residential developments. Major infrastructure project includes the Bus Rapid Transit System (BRTS).

EAST KOLKATA

New Town Rajarhat is a prominent micro-market of the East Zone. Planned extension of the Kolkata Metropolitan Area (KMA) and significant infrastructure initiatives encouraged both commercial and residential activity in the area, establishing it as a prominent real estate destination in the city.



WEST KOLKATA

The densely populated West Kolkata is home to the city's ports and industrial plots (characterized by sheds, factories and warehouses). It also boasts of the presence of the first underwater metro line of the country (upcoming) - a major infrastructure project of the state.

CENTRAL KOLKATA

This is the commercial nerve centre of the city characterized by the presence of commercial buildings, retail hotspots and hotels along arterial roads. The residential developments in this zone largely consist of high-end residential developments in areas such as Ballygunge and Elgin Road.

SOUTH KOLKATA

South Kolkata is home to high-end residential areas as well as grade A retail precincts of the city. Prominent high streets of Gariahat and popular malls such as Acropolis and South City lie in this zone. The area also offers mid-end residential projects.

Infrastructure overview of Kolkata:¹⁸

- **Mass Rapid Transit System (Metro)** – With a total coverage of about 126 km, Kolkata's new Metro system is likely to have about 98 stations across the city upon its completion. Currently, the Metro runs on a 28-km stretch from North to South and serves about 23 areas.
- **Bus Rapid Transit System (BRTS)** – The BRTS will run on a 15-km stretch connecting the northern and southern peripheries of the city, thereby covering all major business centres along the EM Bypass.
- **Inland Waterways** – The country's first inland waterway connects Haldia to Prayagraj across the Ganges, covering the eastern states of West Bengal, Jharkhand and Bihar with Uttar Pradesh. The national waterway 1 spans about 1,620 km, connecting major industrial centres such as Varanasi, Ghazipur, Patna, Bhagalpur, Saran and Kolkata.
- **The Silicon Valley Project** – The state has identified about 200 acres of land in the IT hub of Kolkata – Rajarhat – to develop a business hub to push commercial activity. The project will consist of office, retail and hospitality developments, aimed at attracting corporates, retailers and hoteliers.
- **The Floating Market** – The first-of-its-kind floating market in the country has been developed on Patuli lake in Kolkata city. The government transformed the lake into a 400-m-long and 60-m-wide floating market in a bid to attract tourists and shoppers alike.

Kolkata – West Bengal's engine of RE growth

As the Indian economy transitions and its workforce expands, it is increasingly providing more opportunities for development and investment for the real estate sector. The growth of cities is further influencing the country's built environment, while technology, demographics and environmental issues will become its new value drivers. Already, workplaces are becoming more modern and open, in keeping with the aspirations of the millennial working population. Meanwhile, housing is getting more affordable, on the back of government initiatives and the growing needs of young families.

Kolkata too has not remained untouched by this changing RE environment. On account of its strategic location and excellent connectivity, the city has emerged as a key business and financial centre in Eastern India and has become the hub of commercial real estate activity in West Bengal. Proximity to port-based industrial regions such as Haldia has also resulted in the city being one of the major trading hubs in Eastern India. The advent of foreign players has globalised the sector, including local developers.

The office sector – The frontrunner in RE growth

Real estate activity in the city has traditionally been concentrated in the Central Business District (CBD) areas of Park Street, Camac Street, Acharya Jagdish Chandra Bose Road, New Market, Dalhousie, etc. with the development profile primarily consisting of institutional buildings – housing government and Public Sector Undertaking (PSUs) offices. Owing to depleting land availability in these developed locations, there is limited scope for new supply addition. Consequently, commercial developments in this region command a significant premium in rentals as well as capital values owing to their strategic location, efficient infrastructure and connectivity.

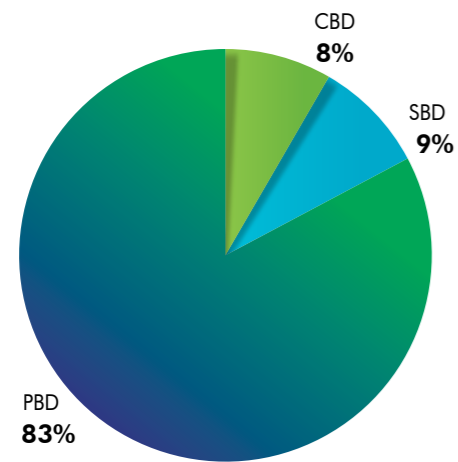
Further, paucity of land parcels within the CBD resulted in a spillover of office activity from central areas of the city towards southern and eastern parts of the city. Availability of large land parcels, coupled with growth in IT/ITeS industry over the last decade, has led to a spurt in construction activity of commercial office space in peripheral locations such as Salt Lake (part of Bidhan Nagar Municipality) and Rajarhat in the city. This has resulted in extensive growth of commercial office space in the peripheral micro-markets characterized by large-scale IT parks, special economic zones (SEZs) and other commercial projects. With the construction underway of New Town at Rajarhat and extension of Salt Lake's Sector-V underway, Kolkata is also emerging as a preferred IT/BPO destination of Eastern India.

18. Kolkata Metropolitan Development Authority

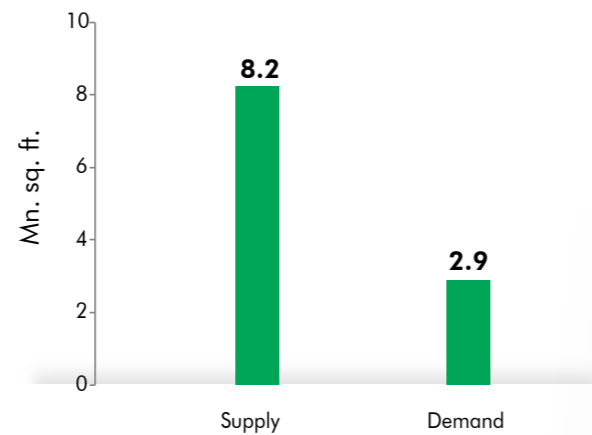
In addition, development initiatives undertaken by the West Bengal Electronics Industry Development Corporation (WEBEL) have also boosted commercial activity, particularly in Salt Lake. Some of the prominent companies that have set up operations in the city are Cognizant, IBM and TCS, amongst others. In the recent past, development activity has picked up pace along the major transport corridor of Eastern Metropolitan Bypass and Rajarhat (Action Area II and III), with projects being launched by developers such as Mani Group, Brookfield and DLF, amongst others.

Currently, the city's office stock stands at about 32 million sq. ft. Further, about 2 million sq. ft. investment grade developments such as Unimark Asian (approx. 125,000 sq. ft.) in CBD, Ideal Unique Center (approx. 756,000 sq. ft.) and South City Business Park (approx. 300,000 sq. ft.) in SBD, NBCC Square (approx. 250,000 sq. ft.) in PBD are lined up for completion across the micro-markets of CBD, SBD and PBD by the end of 2020.

Supply – micro-market share (2015 - 9M 2019) **Supply – demand situation (2015 - 9M 2019)**

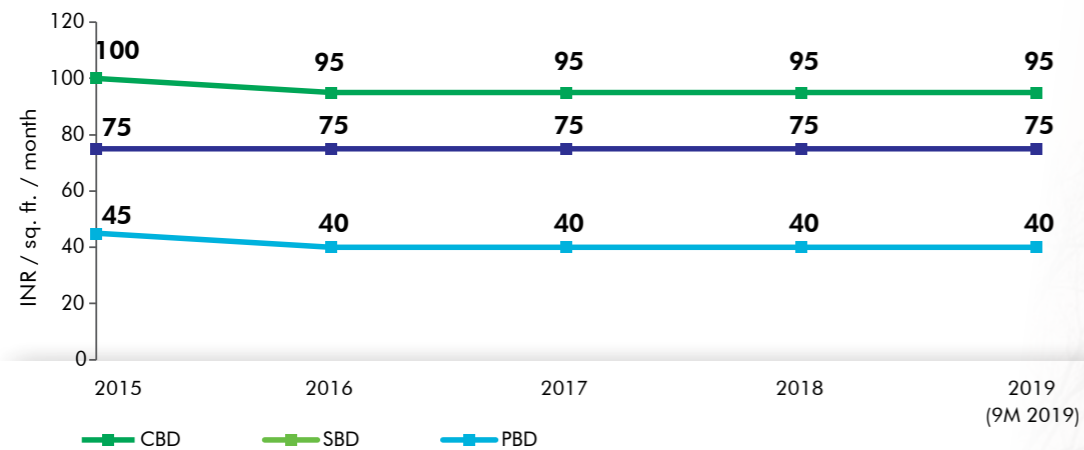


Source: CBRE Research, Q3 2019



Source: CBRE Research, Q3 2019

Rental Value Trends - 9M 2019

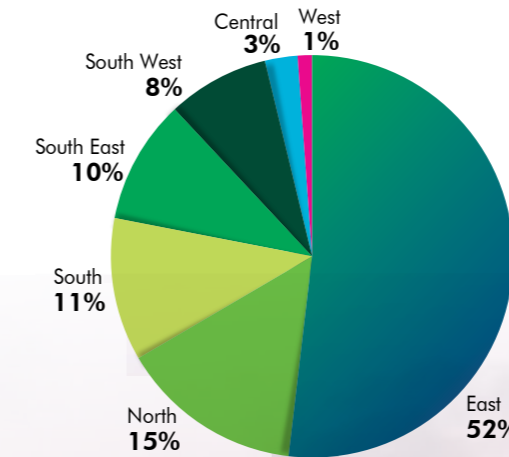


Source: CBRE Research, Q3 2019

The residential sector – Expanding to newer horizons

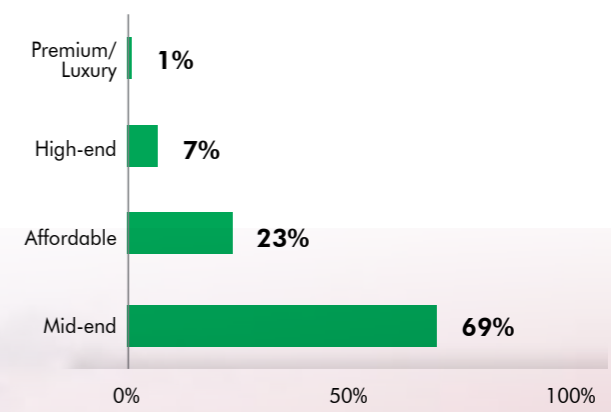
During early 1990s, Kolkata's organised residential market was largely concentrated in Northern and Central Kolkata. While the northern region consisted of mid-to-high-end residential complexes; the central region was largely characterized by premium and high-end standalone developments. In the mid-1990s – 2000s, the southern and western regions started emerging as prominent residential destinations due to limited availability of developable land coupled with high capital values in northern and central locations of the city. From 2000s onwards, new investment-grade residential properties were largely seen in the eastern region of the city (Salt Lake and Rajarhat); these predominantly consisted of mid- and high-end projects, plotted developments and townships.

Region-wise distribution of Kolkata's residential supply (9M 2019)



Source: CBRE Research, Q3 2019

Share of segments in Kolkata's residential supply (9M 2019)



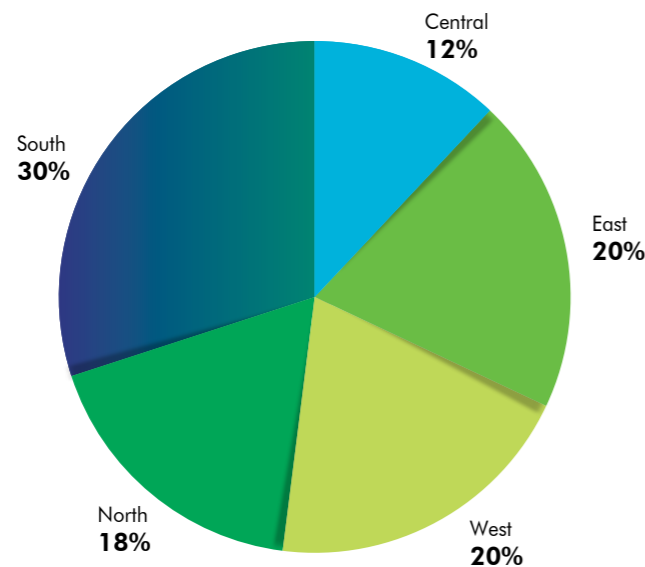
Source: CBRE Research, Q3 2019



The retail sector – High growth potential

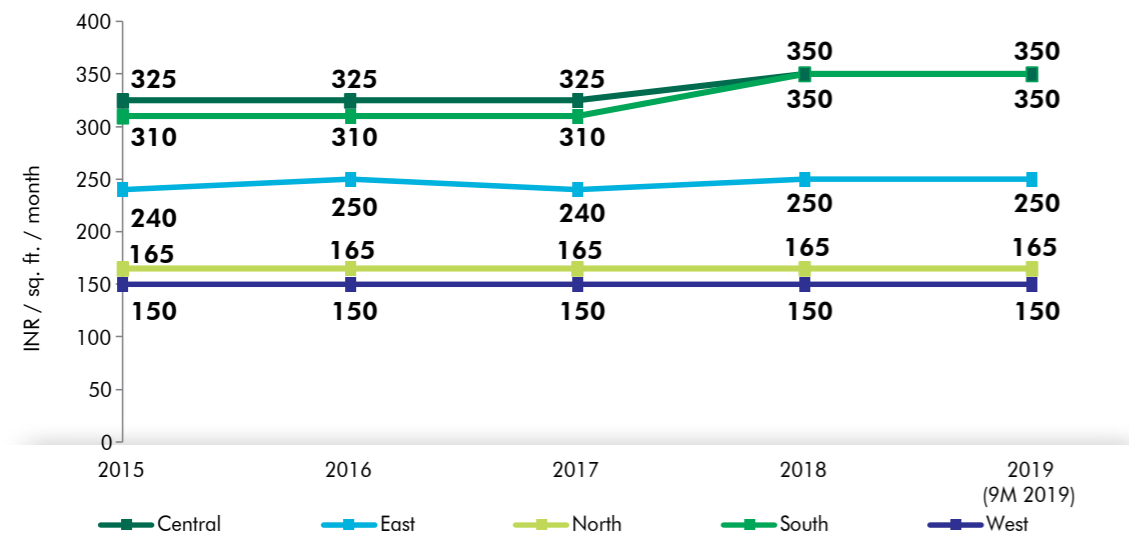
Kolkata's retail history can be traced back to the late 1800s when the country's first market complex was established by the British. One of its oldest marketplaces, currently known as New Market, was established in 1903 as Hogg Market. During the 1990s, the retail sector spread towards the centre of the city – Park Street and Camac Street. The advent of mall culture in 2000s saw the launch of the city's first mall – Forum mall. Since then, several such developments have come up across the city, prominent among which are South City, City Centre, Mani Square and Axis Mall. Since 2013, the city has seen the entry of luxury retail malls such as Quest and Acropolis. Currently, Kolkata has about 7 million sq. ft. of organized retail space. Expanding city limits and a positive demographic dividend means that there is tremendous potential for growth in the retail sector. Some prominent retailers who have entered the city in past couple of years are Jimmy Choo, Steve Madden, Sephora, Starbuck, Gap amongst others. Few of the new entrants such as Steve Madden along with various other domestic retailers have also capitalized the opportunity of expanding their presence with the opening of new malls such as Acropolis and Quest.

Zone-wise distribution of organized retail supply (9M 2019)



Source: CBRE Research, Q3 2019

Rental value trend (ground floor vanilla stores / average) - 9M 2019



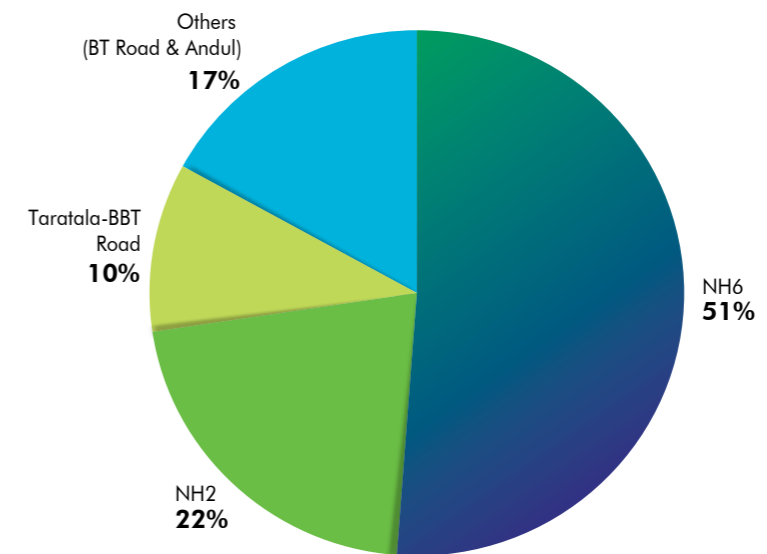
Source: CBRE Research, Q3 2019

The logistics sector – Keeping pace with changing times

The advent of Goods and Service Tax (GST), growing popularity of e-commerce and the rapid growth of tech in real estate have given a boost to the logistics sector across the country. In addition to these factors, Kolkata's strategic location as the entry point to the country's east and the state's industrial prowess have further boosted the city's logistics industry. As a result, the West Bengal government expects the logistics sector market of the state to grow at a rate of 9-10% over the next few years¹⁹.

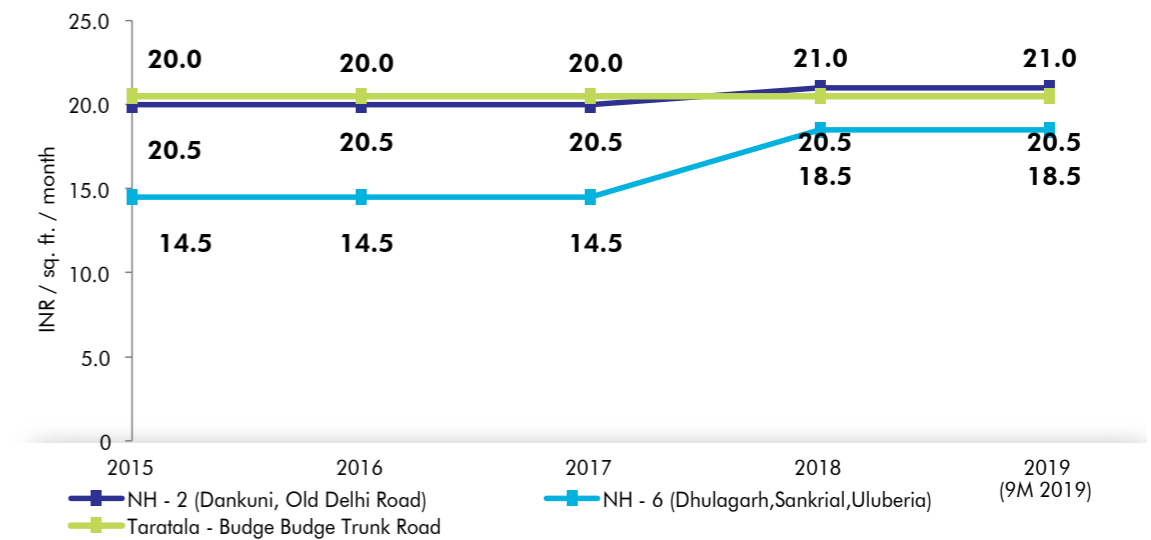
As a result, demand for logistics space has grown threefold since 2015. This has led to inflow institutional funding from various corporates looking to set up their facilities in the city. As of now, the city has close to 13 million sq. ft. of Grade A logistics developments on NH-2, NH-6 and Taratala. In addition, the government is developing a logistics market near the city periphery in Madhyagram.

Supply – micro-market share (9M 2019)



Source: CBRE Research, Q3 2019

Rental Value Trends (9M 2019)



Source: CBRE Research, Q3 2019

19. Logistics Park Development and Promotion Policy of West Bengal 2018



Outlook

West Bengal's enabling policy environment, impetus to infrastructure growth and favourable business environment are helping the state attract business and thereby investments in an unprecedented manner. However, the state has still a long way to go before it becomes the top investment destination in the country. For one, while the state has been growing at an unprecedented rate, this growth as of now is making up for decades of being among the lowest ranked states in the all-India growth table.

On the other hand, real estate dynamics in West Bengal, especially in Kolkata, is at a stage wherein controlled supply is boosting absorption – which in turn is helping further the state's RE growth trajectory. The strategic distribution of industrial and IT parks is expected to create new demand centers and result in the development of newer asset classes. The state's impetus on infrastructure development in the form of roads, highways and ports is bound to boost the logistics sector, which the state expects will register a growth of 9-10% in the coming years. With the right push from the Centre and state governments, West Bengal is expected to put itself on the global investment map in the near future.

FOR MORE INFORMATION ABOUT THIS REGIONAL MAJOR REPORT, PLEASE CONTACT:

RESEARCH

Abhinav Joshi

Director, National Operations,
Research, CBRE India
abhinav.joshi@cbre.co.in

Vidhi Dheri

Associate Director, National Operations,
Research, CBRE India
vidhi.dheri@cbre.co.in

Priya Verma

Senior Manager,
Research, CBRE India
priya.verma@cbre.com

Chinmay Panda

Manager,
Research, CBRE India
chinmay.panda@cbre.co.in

FOR MORE INFORMATION REGARDING GLOBAL RESEARCH, PLEASE CONTACT:

Richard Barkham, Ph.D., MRICS

Global Chief Economist & Head of Research
richard.barkham@cbre.com

Henry Chin, Ph.D.

Head of Research, Asia Pacific/ EMEA
henry.chin@cbre.com.hk

Neil Blake, Ph.D.

Head of Forecasting & Analytics, Global
neil.blake@cbre.com

Spencer Levy

Chairman & Senior Economic Advisor,
Americas Research
spencer.levy@cbre.com

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