

# GROWING AS KNOWLEDGE BASED CITY HYDERABAD METROPOLIS.

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## Abstract

Fastest growing Hyderabad metropolis is the capital of Telanagana state and growing IT hub of India. It's now capital for both states Andhra Pradesh and newly created 29th state Telangana. Due to high growth and business opportunities, rush towards Hyderabad has been increased and it makes fourth largest city in India and 34th largest city in the World and largest contributor to the State's GDP. Attempt has been made in this paper to review the growth of Hyderabad city and improving opportunities in employment and economic generation.

**Key words:** Telangana, Hyderabad, growth and economic.

## Introduction

Industrialization and urbanization are two of the most important features of the modern civilization. Industrialization has brought in the need to reap the benefits of economies of scale grouping together by many people, raw material and machinery with the present high level of technology, innovation and specialisation, urbanizations, on a large scale is inevitable. Urbanisation provides the necessary infrastructure for trade, commerce and industry. It also provides better living standards in terms of housing, educational facilities, health care, recreation and scope for several intellectual pursuits. Urbanisation also attracts the surplus labour from rural areas and such labour utilised in running the various service, which are vital for the existence of towns and cities.

According to the 2011 census of India out of the total population of 1210.2 million as on 1st March, 2011, about 377.1 million are in urban areas.. The number of metropolitan cities having million plus population has

increased from 35 in 2001 to 53 in 2011 as per 2011 census . Hyderabad is one of the rapidly growing and 4th largest metropolitan cities in India and 34th in the world.

Demographical and spatial growth

The city first established at south bank of Musi River and later extended to north and west side of Musi. The jurisdiction of Hyderabad Municipality Corporation

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(MCH) was increased from 55 sq. km to 84 sq.km in 1921 and up to 172 sq.km by 1974. In 2008, the Greater Hyderabad Municipal Corporation (GHMC) was formed to cover an area of 626 sq.km by combining an erstwhile MCH and another 12 surrounding Municipalities. Further, the HMDA was formed in 2008 and the Hyderabad Metropolitan Area (HMA) expanded approximately to 7,030 sq.km., which is the second largest HMA after Bangaluru. The HMA covers present core city (erstwhile MCH), GHMC, erstwhile HUDA area and HADA, OU and SCB. The following table shows the details of areas of various components of HMA.

**Table-1; Components of HMA area**

Sno.	Component of HMDA	Area in sq.km	Population
1	Present Core city (Erstwhile MCH)	172.60	37,84,245
3	Cantonment area +OU	44.08	2,25,993
2.	Rest of GHMC	452.40	30,25,725
5	Rest HUDA +HADA	1450.96	07,57,253
6	Extended area HMDA	4,917.00	18,45,501
	<b>Total HMA</b>	<b>7,037.04</b>	<b>94,14,724</b>

*Source: HMDA records and census report 2011.*

The above table shows that the population of Hyderabad Metropolitan Area is 9.4 millions in 2011. The erstwhile MCH population is 3.78 millions, and highest population occupied in this area. However, several well established urban components of the city are located well beyond the Metropolitan Region. Therefore, it has absorbed immigrants from all over the world and its population has constantly increased and the transportation system had to accommodate this growth.

All major economic activities are concentrated in the state capital city of Hyderabad. It is not only the administrative capital but also the economic and financial capital of the state of Telangana. Being the largest contributor to the State's GDP, state taxes and excise revenue, it has reached high level of commercialization and monetization. It has a large population that is growing and therefore has the potential to power and propel the state's future economic growth.

As discussed above, Hyderabad now hosts many significant institutions, some of these, 28 establishments are defense or other strategically important establishments with national security significance. In addition, there are about 40 institutions owned by Government of India with national

research, development and educational interest and nine educational institutions, mostly universities supported by the state government. All these institutions attract people from all over the country. Figure -1 shows the location of these establishments across the city. As one can see, most lie within the GHMC boundary, though a few spill over into the erstwhile HUDA or HMDA are

### Economical Growth of Hyderabad

The growth of Hyderabad city after 1956 was quite remarkable. The development of Hyderabad as state capital since 1956 has reinforced its cosmopolitan culture. From the status of the Capital city of Princely state, it rose to sixth important city in India. This growth was possible because of several important factors, including population growth, migration from other parts of the State and other States of India, geographical expansion, growth of infrastructure facilities like communications, roads and traffic growth and measures taken by the government agencies including Municipal Corporation of Hyderabad, Hyderabad Metropolitan Urban Development Authority, and other agencies, and more recently, the development of an externally-oriented information technology (IT) industry.

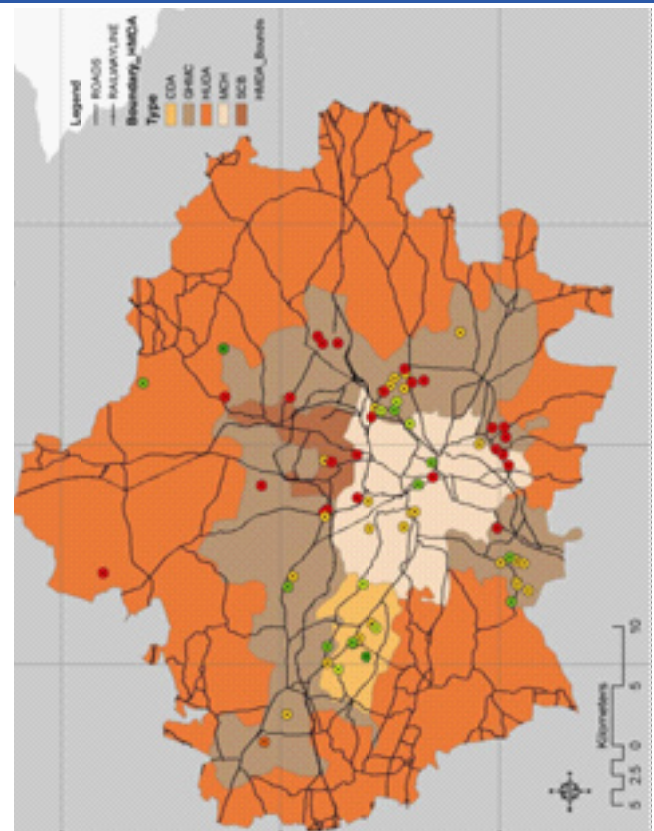


Figure-1: Key institution locations  
Source: Ministry of Home Affairs, New Delhi

The Hyderabad economic profile has undergone a transformation in recent years with service industry playing a major role in economic growth of the city. Manufacturing sectors includes activities as the disparate as the manufactures like pharmaceuticals, electronic goods and other industrial products. Hyderabad city is considered as the 'bulk-drug' capital of the country, accounting for about 35% of the total production in the country.

Further, the economy of Hyderabad is witnessing a transformation from manufacturing towards a knowledge-based economy. This is primarily due to policies of the state government to promote knowledge sector and tourism through a series of initiatives and programs. Government of Andhra Pradesh aspires to transform the State into a Knowledge Society and make available the benefits of Information Technology (IT) to all citizens, especially those in rural areas. Knowledge sector, particularly Information Technology (IT) and IT enabled service (ITES) along with the Biotechnology is gaining momentum in the state especially in Hyderabad city.

The Hyderabad is popularly known as 'Cyberabad' because of the presence of large number of IT firms in the city. Hyderabad metropolis has emerged as a capital that provides the right climate for the growth of IT business and is now one of the most preferred

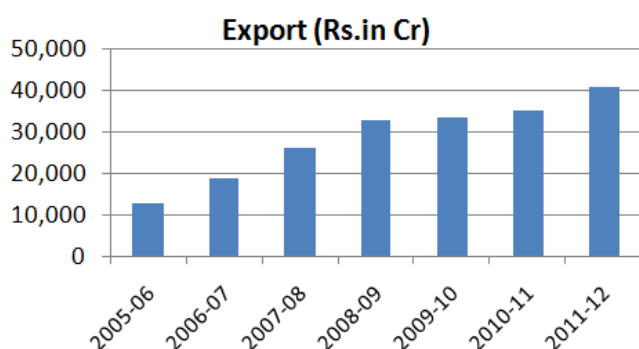
destinations in the country.

**Table 1: Growth of IT in the erstwhile AP**  
(Source: socio- economy survey of AP)

Year	Exports (Rs. Crore)	No. of Employees (Cumulative)
2000-01	1,917	48,700
2001-02	2,907	64,000
2002-03	3,668	71,445
2003-04	5,025	85,945
2004-05	8,270	1,26,920
2005-06	12,521	1,51,789
2006-07	18,582	1,87,450
2007-08	26,122	2,39,000
2008-09	32,509	2,51,786
2009-10	33,482	2,64,375
2010-11	35,022	2,79,438
2011-12	40,646	3,18,624

Even after bifurcation on 2nd June, 2014, of the states are at present, home to Indian IT majors such as TCS, Infosys, Wipro, HCL, Mahindra Satyam, Cognizant, Patni, Tech Mahindra, Sonata, InfoTech, and others. The metropolis is also home to MNC IT giants and Fortune 500 companies like Microsoft, Google, IBM, Oracle, DELL, Motorola, Deloitte, Convergys, UBS, Bank of America, HSBC, Honeywell, Siemens, JP Morgan, UHG and so on. IT sector in Hyderabad as a growth engine, is making steady strides in ushering rapid socio-economic development of the State. While All India growth rate is 15.7%, the State recorded a growth rate of 16% in 2011-2012. The erstwhile Andhra Pradesh State contributes 12.4% to national IT exports and ranks 4th in IT performance in the country. IT sector contributes about 39% of total exports from all sectors in the then State of AP.

**Chart-1: IT Exports in Hyderabad Cit**  
( Source: Software Technology Parks of India, Hyd).



New companies like NCR, Free Scale Semiconductors, WNS, etc, have come forward to set up their operations and existing companies like TCS, Accenture, Infosys, IGate, HCL, Deloitte, Google, Value Labs, Intergraph, Sify, etc are significantly expanding their operations in recent years. IT companies have started & enhanced their annual recruitment plans proportionate to their human resource requirements. Details about the growth of IT sector in Telangana & AP are shown in Table 1 and chart.1.

### Information Technology Investment Region (ITIR)

The ITIR is an upcoming IT investment region jointly being developed by Government of India and Government of Telangana. It will take Hyderabad to the next level of growth. ITIR is envisaged as a self contained integrated knowledge Cluster dedicated to establishment and growth of Information Technology (IT), Information Technology Enabled Services (ITES) and Electronic Hardware Manufacturing (EHM) units . The Government of A.P. has taken a lead to identify & develop an ITIR in an area of about 202 Sq.Kms. in and around Hyderabad and Ranga Reddy districts based on the Policy resolution of the Government of India to promote Information Technology Investment Regions in the country. The Cabinet Committee on Economic Affairs has approved setting up of Information Technology Investment Region (ITIR) near Hyderabad subject to fulfilling certain conditions (PIB, 20.9.2014). This approval relates to the proposal received from Government of Andhra Pradesh for setting up of an ITIR near Hyderabad.

The total investment for the ITIR will be about Rs.2.19 lakh crore of which the IT/ITES (Information Technology / Information Technology Enabled Services) Sector is to attract investments of Rs.1.18 lakh crore and the Electronic Hardware Manufacturing (EHM) sector of Rs.1.01 lakh crore. The major investment will be in the form of Public-Private Partnerships. The investment regions are Cyberabad 86.7 sq.km, Airport area 79.2 sq.km, Uppal & Pocharam area 10.3 sq.km, connected by the ORR growth corridor-I: 11.5 sq.km and ORR growth corridor -2: 14.3 sq.km. The investment region covers 14 areas these are 1. Madhapur, 2. Gachibowli, 3. Manikonda / Financial District, 4. Raidurg, 5. Kondapur, 6. Tellapur, 7. Bahadurpalli, 8. Jawahar Nagar, 9. Uppal, 10. Pocharam, 11. Hardware Park, 12. APIIC Work Centre, 13. Fab City and 14. Maheshwaram. In view of this, Government of India has proposed to up gradation of three radial roads and extension of the Metro Rail from Falaknuma to Shamshabad International airport at a total cost of Rs 3,275 crore.

Due to incomplete of Outer Ring Road (ORR), the present government is planning utilization of the Regional Ring road (RRR), which connecting the main city through radial roads across the ORR. While the city has IT corridor from Gachibowli up to Adibatla, the growth is lopsided along the ORR. In view of this, the government plans to develop a Pharmacy park, an educational park, research institutions, a leisure and amusement park and Sports academies around the ORR. Since the entire development now is towards the west side creating new hubs along ORR will help growth. The ITIR is expected to generate direct employment of 14.8 lakh and indirect employment of 55.9 lakh.

Benefits of ITIR

- Direct Revenues – Rs.310,849 crore
- IT Investment potential–Rs.219,440 crore
- IT Exports – Rs.235,000 crore
- Employment Generation: -Direct – nearly 15 Lakh, -Indirect – nearly 56 Lakh

. The Policy Resolution of Gol, vide Gazette Notification No.188, dt:29.05.2008 ITIR.

- Increase in tax revenue to State – Rs.30,170 crore.
- Time Period – 25 year after notification.

The ITIR, includes Special Economic Zones (SEZs), Free Trade Zones (FTZ), export-oriented units, warehousing zones, growth centers, industrial parks, existing settlement, industries and estates and services, will be developed in phases spanning over a period of 25 years. In recent meeting of Telanagana State IT Minister Mr. K.Taraka Rama Rao, with heads of the reputed educational institutions like International School of Business Management (ISB) and IIIT reveals that the present new government planning to explore the possibilities of collaboration between the institutions of the city and to create best possible incubation facility for the Information & Technology sector. The government has intention to fast-track IT sector growth in Hyderabad and the proposed to create 5 lakh new jobs with the sector if it will be put on the fast track.

The presence of a large number of Engineering and Management institutions indicates that the City is home to a huge technical talent pool. This technical talent has obtained industry exposure due to the efficient university - industries connect in place. There is a need to create a culture where many young people can create jobs and create them successfully (Ajit Rangnekar, Dean of ISB). In fact, most incubation facilities that are currently operating across the country have been created by institutions (DC, 7.6.14). The facility being planned by the Telangana state government will be first of its kind to be supported by a state government.

## Conclusion

The growth of Hyderabad city after 1951 was quite remarkable. The development of Hyderabad as state capital since 1951 has reinforced its cosmopolitan culture. From the status of the Capital city of Princely state, it rose to fourth important city in India. This growth was possible because of several important factors, including population growth, migration from other parts of the country, geographical expansion, growth of infrastructure facilities like communications, roads and transportation growth and measures taken by the government agencies including GHMC, HMDA and other agencies, and more recently, the development of an externally-oriented information technology (IT) industry. The economy of the Hyderabad is witnessing a transformation from manufacturing towards a knowledge-based economy. ITIR further level of growth in IT sector.

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