'IT' Bells Ring in Kerala

Written by JP, Senior Business Analyst, Small Enterprise India.com
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It is a Goliath-David fight between Kerala and other Southern State in the IT sector. Kerala is far behind Karnataka and Tamil Nadu in the total size of the business. But Kerala is undoubtedly on a fast track in the sector. During the past two fiscals, the growth of IT sector of the State was two and half times more than the national average, despite the economic recession which has taken the wind out of the sail of IT business elsewhere in the world.

The State Government and private sector will together invest Rs. 1500 crore in the IT sector of the State in the current financial year.

To maintain the present pace of growth and to come par with Karnataka and Tamil Nadu, the State is directly investing Rs.1000 crore in the current year to develop the infrastructure in the sector. According to Kerala IT secretary Dr. Ajayakumar, this is being mainly made to complete the third phase expansion of the Technopark in Thiruvananthapruam, initial development works of Techno City, the mega dream project of Kerala, and for developing the Koraty IT Park in Thrissur District.

In fact, Kerala has been implementing 10 IT infrastructural development projects at various parts of the State. Ajayakuamr claims that implementing this project while the IT industry is reeling under the recession is a strategic move.

" It will take four to five years to complete an IT Park. So there is no point in developing the park when the industry is on the fast track. Instead, we should carry out the work when the industry is passing through a slow pace as it experiences now. It is two-pronged strategy. One, by investing during the recession, we can stimulate the industry. Secondly, when the industry comes out of the woods, we can provide them better infrastructure. With this, we can harvest a bumper crop in the next growth cycle," he clarifies.

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Apart from the government's initiatives, Ajayakumar said, private sector is also investing in the IT sector of Kerala which they are confident of giving decent return on their investment. Big names in IT sector like of Infosys, US Technology, Asian School of Business and Leela Group are pumping money into their projects in the State.

The IT complex being set up by Leela Group at Infopark in Thriuvananthapruam is at its final stage of completion. The second building of Infosys, the first building of the US Technology, and the new campus of Asian School of Business are various stages of construction at Infopark, he added. Besides, the second building of L&T, the campus of Sutherland will come up at Infopark soon, Ajayakumar said. The construction of the State-run IIIM's campus will begin this year at Infopark.

According to Ajayakumar, there is a good response from the private sector for the investment in the Koraty IT Park being developed in 160 acres of land. In fact, he says, Kerala is competing with IT destinations in the non-metro cities in the country. The 20 per cent of the IT industry in the country is concentrated in these cities. If Kerala can attract even 20 per cent of it, the job opportunities in the IT sector in the State will go up from the present 40000 to two lakh.

Technopark Chief Executive Officer Mervin Alexander says that the third phase of Technopark's expansion is being carried out in 92 acres of land. Of this, 25 acres has got the Special Economic Zone (SEZ) status. The work of the third phase is expected to be completed by the end of next year. The one-million sq.ft office complex being constructed as part of the third phase of the development of Technopark will be the largest in South Indian. It is coming up in the 25 acres of the land, which has been assigned the SEZ status.

Mervin Alexander said that the government had decided that 40 acres of land of the 92 acres would be allotted to co-developers of the third phase. In these 40 acres, IT companies can develop their own campus or construct buildings for expanding their business.

He said that the remaining land would be earmarked for developing common amenities. As part of developing infrastructure for the third phase, an exclusive electrical sub-station would be set up here. The work of the substation had already started.

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Techno City, the dream IT mega project of Kerala, is being developed in 450 acres. OF this, over 200 acres has been acquired so far.
Efforts is being made to complete the acquisition by the year end, says Mervin Alexander.

"In the current year so far nearly15 companies set up shops in Technopark. The built up space with the government is not available now, Leela Group offers space in their building,'' he added.

Infopark in Koch growing at rapid pace registered a growth of 87 percent in the last financial year. Inforpark has crossed another milestone with starting construction of the Korati IT park, which is its satellite centre. Inforpark will start another two satellite centres, one in Cherthala and another at Ambalappuzha, said Sidhartha Battachrge

He said that initial work of the Cherthala centre had started and construction of buildings was expected to be started in four months. It was expected that plots could allotted to the investors in next year. The Kochi IT Special Economic Zone was also coming up there. "Cherthala is an ideal place for IT investments. Expert IT professionals are available in and around Cherthala. At present, several BPO professionals are commuting to Kochi for job. All these will make Cherthala the IT hub of Kerala very soon,'' asserts Bhattachrge.

Inforpark is expanding to additional 160 acres. The new building Athulliay will be functional in next year. With the completion of buildings of Leela Group and L&T, two lack sq more will be available.Nearly 90 per cent of the now available 25 lakh sq.ft has been allotted.

All these development will make Kerala a much sought-after destination of IT investors.