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More companies set shop in NCR than Maharashtra

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NEW DELHI: Delhi has quietly become the new Bombay as Mumbai gets busy tilting at self-made windmills. For the first time, Delhi, along with its satellite, Gurgaon, has overcome the entire Maharashtra in terms of the number of registered firms.

According to data from the Registrar of Companies (RoC), around 44,000 new companies were founded in the national Capital region (NCR) in the first nine months of the financial year, which is four times that of Maharashtra. The gap could widen if the numbers for Noida, the third member of the NCR triad, are factored in.

As of March 31, 2009, Maharashtra housed 1.76 lakh firms compared to Delhi, which had 1.57 lakh firms, and Haryana with 8,645 companies. By January 2010, Delhi combined with Haryana had become home to a total of 2.09 lakh companies, far ahead of Maharashtra, which has 1.87 lakh companies.

"There is a general perception on changing infrastructure in Delhi NCR. Improved transportation facilities and growth opportunities have helped the area inch ahead of Maharashtra," says Ashok Haldia, former secretary of the Institute of Chartered Accountants of India. More companies would mean greater investment flow into NCR, helping industrial activity and creating employment, believe those like Haldia, now a director with PTC India Financial Services, a recently formed subsidiary of Delhi-based PTC, the country's largest power trading firm.

Separate data for pure startups as separate from those formed by larger established business groups were unavailable, but given the quantum of increase in the number of registrations in the region, it is likely that both would have grown.

The region has been the operational home for old business houses such as the Thapars, the Shrirams, and the Singhanias.

NCR cos see better profitability

Apart from them, the NCR has over the years become the base for many companies that led the economic growth of the country over the last decade including [Bharti Airtel](#) , [HCL](#), [Ranbaxy](#), [DLF](#) , [Maruti Suzuki](#), [Hero Honda](#) and [Unitech](#) .

In addition, many MNCs such as LG, PepsiCo, Samsung, Honda Motorcycles & Scooters, Nokia, Coca-Cola and Whirlpool set up their headquarters in the region. Some like Philips, Videocon and ICI moved their head offices to the NCR from their established operations in Mumbai and Kolkata. And many emerging firms in the sunrise sectors such as education services company Educomp have set up their base in the region.

Sure, companies can still choose to set up their headquarters in Mumbai despite registering their firms in Delhi NCR, but given the success of the new generation of companies in the region and the fast development in infrastructure, it may not be long before Delhi becomes the business capital too. Companies based in Delhi NCR already appear to have better profitability.

For instance, Delhi-based companies in the latest ET 500 report compiled by ET Intelligence Group were more profitable than their Mumbai counterparts in the fiscal ended March 2009. Delhi NCR companies account for 27% of total revenues of the 500 biggest companies in India, but their share of total profit and market capitalisation on the stock exchange is much higher at around 33%. In contrast, top Mumbai firms in the list account for 45% of overall revenues of the sample but just around 40% of profit and market value of the set. A fifth of the top firms in the country belong to Delhi NCR, while one in three firms in the set are from Mumbai.

Delhi NCR's emergence as a preferred industrial playground has been gradual yet steady. Between March 2007 and March 2009, over 17,000 new companies were registered in Delhi itself as against around 9,000 set up in Maharashtra. Karnataka, seen as a hub for IT start-ups, added less than a thousand new companies in the two-year period to take the total number to 39,532 by March 31, 2009.

"Delhi NCR's growth as a preferred base for industrial set up is partly due to Haryana, one-third of which falls under the NCR. With Haryana's investor-friendly policies coupled with a rich reservoir of skilled yet relatively low-cost manpower and good infrastructure, it has pulled in lot of investments including that from foreign investors," says a senior official at the ministry of corporate affairs who preferred not to be identified.

Another dimension of companies moving base to Delhi NCR is that of operating cost. Besides higher cost of living for employees who typically demand a premium salary for relocating to Mumbai, rentals for commercial space has always been higher in Mumbai. For instance, the average rental in December 2009 for the commercial business district of Connaught Place in Delhi stood at Rs 230/sq ft per month as against Rs 290/sq ft per month for commercial space at Nariman Point in Mumbai, according to data compiled by real estate consultancy firm CB Richard Ellis. Grade A commercial space in Gurgaon, in comparison, commanded monthly rental of Rs 65/ sq ft last month.

Anshuman Magazine, chairman and MD of CB Richard Ellis' South Asia region, said: "Investment attracts investment. As more companies move to NCR, especially Gurgaon in Haryana, it provides a comfort factor for newer companies to call it a home and also leads to an improvement in infrastructure." A company secretary with one of the leading industrial groups, who didn't wish to be named, added, "Delhi has the benefit of the central government being based in the city so companies who depend on government tenders or lobbying for getting clearances prefer to stay closer."

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