

3. INFRASTRUCTURE

Infrastructure in Bangalore is, in many ways, better than that in Bombay or Delhi, however, it has not kept pace with the city's rapid growth. This is reflected in long waiting lists for telephones and poor public transport. Nevertheless, the State government is aware that infrastructure is vital for rapid economic development and is planning to improve infrastructure in the City, as well as in the State. The current status of various infrastructure and proposed improvements to infrastructure are briefly highlighted below.

REAL ESTATE

Bombay, the undisputed commercial capital of India, has recently witnessed runaway inflation in real estate prices. Delhi, the capital city, has also witnessed rapid growth, heavy congestion and increased real estate prices. Bangalore, on the other hand, still offers prime real estate at an affordable price in a wide choice of locations. While this has been a major attraction for companies in choosing to invest or expand in the city, it should be noted that land prices are shooting up as a result of demand and there are reports that land values have gone up approximately 24% in the last three months (January to March, 1995).

A comparison of real estate prices in Bombay, Delhi and Bangalore is shown in Table 6. The affordability and availability of real estate favours the City of Bangalore.

In addition to monthly rent, a refundable, interest free deposit is payable when a lease is signed. In Bombay and Delhi the deposit is as much as 24 months rent, while in Bangalore it is only 18 months rent. Brokerage charges in all cities vary between 1 to 2 months rent.

ROADS & VEHICLES

Bangalore has a good network of roads which account for approximately 17% of the city's area. Most are all weather roads and suitable for heavy vehicles.

Of late, the city has experienced traffic congestion as the number of vehicles has increased rapidly. Currently, there are approximately 700,000 vehicles in Bangalore: 70% are motorcycles/scooters and 15% are cars. The number of vehicles is expected to double in the next five to seven years.

TABLE 6: REAL ESTATE PRICE COMPARISONS - JANUARY 1995

	Bangalore	Bombay	Delhi
RESIDENTIAL			
Rental (1,500 sq.ft. Apartment)	INR 5,000 - 10,000	INR 25,000 - 50,000	INR 10,000 - 30,000
Ownership (Rate/sq.ft.)	INR 1,000 - 3,500	INR 4,000 - 20,000	INR 3,500 - 7,000
Distance from Central Business District	3 Km (10-15 min. drive)	15-20 Km (50-90 min. drive)	15 Km (30-45 min. drive)
COMMERCIAL			
Rental (per sq.ft. monthly)	INR 20-40	INR 60-200	INR 60-150
Ownership (rate per sq.ft.)	INR 1,500 - 4,000	INR 10,000 - 30,000	INR 7,500 - 15,000

One reason for the growing number of vehicles is inadequate public transport. The city bus service is infrequent and unreliable, while taxis are not easily available and are expensive and un-metered. Auto-rickshaws are cheaper, and easily available, but are uncomfortable, slow and accident prone.

For airport to city transfer, taxi fares range from INR 100 to INR 150. Taxis can be hired for the day (maximum 80 Km./8 hours) for around INR 450.

The State Government is aware of the traffic problem and has already proposed an elevated light rail transport system (ELRTS). A company has been formed to develop this system which will be built over a ten year period at a cost of INR 42 billion (approximately U.S. \$1.5 billion). The system will consist of six routes, covering 90 Km., built by a consortium of either Indian or international original on a "Build-Own-Operate-Transfer" (BOOT) basis with a 30 year concession period. Although the number of vehicles will probably continue to increase as Bangalore becomes more affluent, the ELRTS will provide a reliable and convenient alternative and should reduce dependence on private transportation.