

J P Chawla & Co. LLP



INDIA

The *Growth Engine* for Global Capability Centres

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“Where Global Capability Centers Find Their Competitive Edge”



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Foreword



In a world defined by rapid technological advancements and shifting global economic dynamics, India has emerged as the nucleus of innovation and operational excellence in the Global Capability Centers (GCC). Over the past three decades, India's journey from being a cost-efficient outsourcing & offshoring destination to a hub of strategic value creation has been extraordinary. The country's ability to adapt to the evolving needs of global businesses and deliver cutting-edge solutions has positioned it as the premier destination for GCCs worldwide.

This report, "India: The Growth Engine for Global Capability Centers," reflects the collective efforts of India's policymakers, industries, and talent pool to build an ecosystem that caters to the present and future needs of global enterprises. With over 1,800 GCCs employing more than 1.5 million skilled professionals, India accounts for a staggering 55% of the world's operational GCCs. Beyond sheer numbers, these centers are transforming from transactional support hubs to strategic drivers of innovation, R&D, and digital transformation.

India's unparalleled strengths—its vast and growing pool of STEM talent, cost competitiveness, thriving domestic consumption market, and progressive government policies—make it a natural choice for companies seeking not only to optimize their operations but to lead in innovation. Cities like Delhi – Gurugram– Noida (National Capital Region), Bengaluru, Mumbai, Pune, Hyderabad, Ahmedabad and Chennai have already solidified their reputations as global hotspots for technology and innovation, while Tier-II cities such as Coimbatore, Kochi, Mohali, Jaipur, Nashik, Kolkata and Vadodara are emerging as promising destinations offering both cost efficiencies and untapped potential.

As India's economy sets its sights on becoming a USD 7.3 trillion powerhouse by 2030, the role of GCCs in shaping

this trajectory cannot be overstated. This report serves as a guide for businesses and investors to understand the vast opportunities that India offers in the GCC space. From site selection and operational strategies, the insights presented here will enable you to make informed, impactful decisions.

On behalf of J P Chawla & Co. LLP, I am proud to present this comprehensive analysis of India's GCC ecosystem. It is our sincere hope that this report will serve as a resource and catalyst for global businesses looking to explore and leverage India's unparalleled potential. Together, let us envision a future of shared growth and innovation.

Rajat Chawla

Chief Business Officer
J P Chawla & Co. LLP

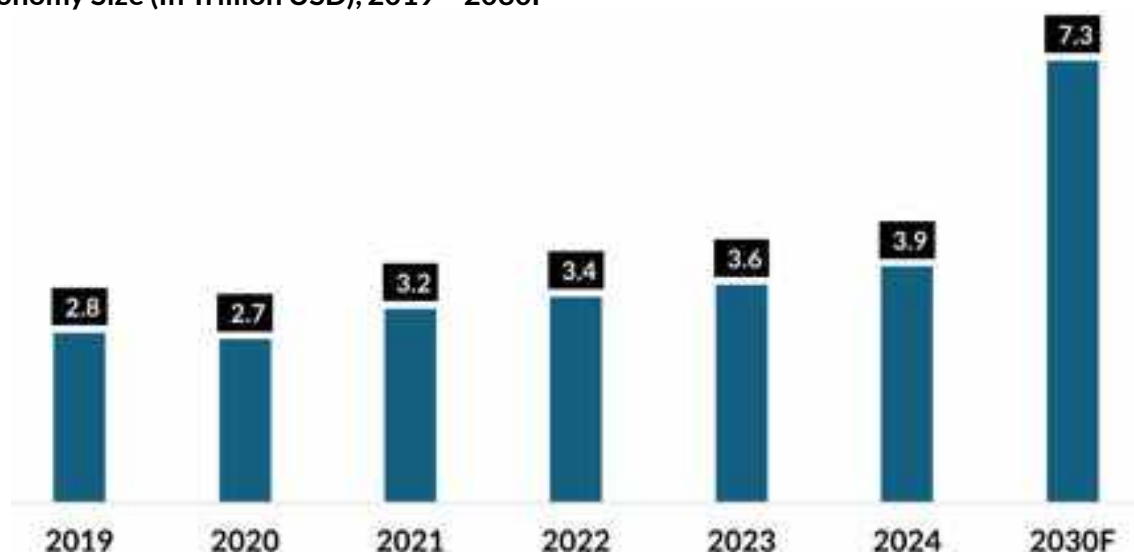


1. Executive Summary

As one of the world's fastest-growing economies, India is on track to sustain its growth, targeting high middle-income status by 2047 to mark its centenary of independence. Furthermore, the Indian GDP is expected to almost double from **USD 3.9 trillion in 2024 to USD 7.3 trillion by 2030**.

Despite global economic uncertainties, India's robust economy and business-friendly environment continue to drive the expansion of Global Capability Centers (GCCs). With political stability, a thriving consumption-driven domestic market, and a strong financial regulatory framework, India provides an ideal ecosystem for multinational corporations. GCCs in India are rapidly transforming into centres of excellence for innovation and digital transformation, solidifying their position in the global value chain.

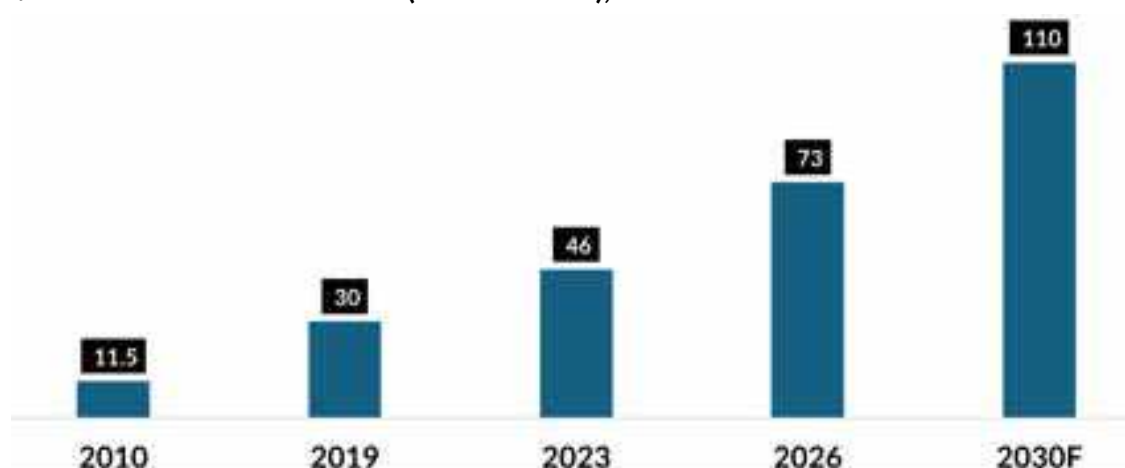
India Economy Size (In Trillion USD), 2019 – 2030F



Source: World Bank, Indian Express, and Stratrich Consulting

This growth is fueled by key factors such as an abundant pool of skilled workforce, government support, software exports, an expansion into tier-2 cities, and improved infrastructure. These advantages have positioned India as a dominant player in the global GCC market. In 2023, India accounted for **over 55% of the world's operational GCCs, increasing to more than 1,800 by 2023**. Projections indicate that this figure is expected to reach **2,400 by 2030**.

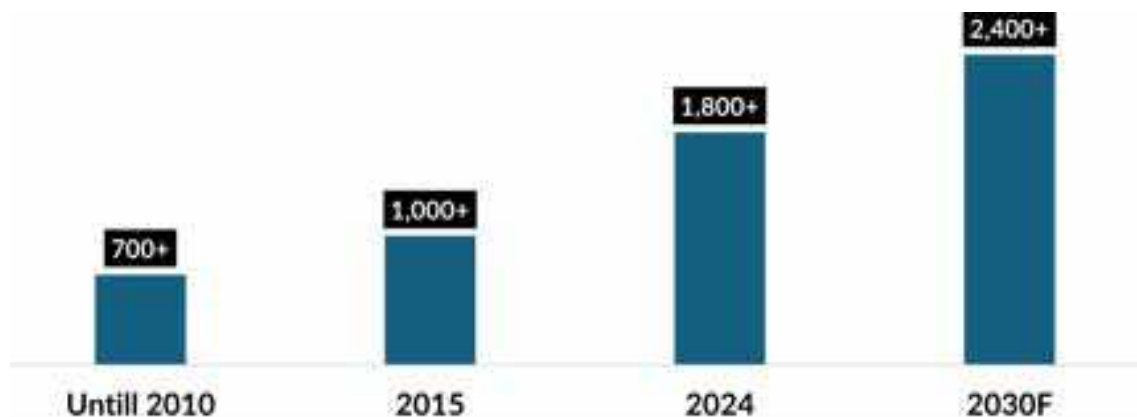
Revenues/Market Size of GCCs in India (In Billion USD), 2010-2030F



Source: Industry Publications & Stratrich Analysis

Analysis Today, India is a global leader in the GCC sector, hosting more than 1,800 centres employing over 1.5 million professionals. The Indian GCC market, valued at **USD 46 billion in 2023**, is expected to grow exponentially, reaching **USD 110 billion by 2030**. This trajectory underscores India's pivotal role in the evolving landscape of global capability centres.

Total GCCs in India, 2010-2030F



Source: JLL India & Business Standard

India's GCC Portfolio



2. GCC Ecosystem in India

India remains the top choice for establishing new GCCs, driven by its strong competencies in key areas and a highly supportive environment. The country offers robust physical and digital infrastructure, a technically skilled workforce, and favourable government policies, making it an ideal destination for GCCs.



As a global leader in producing STEM (science, technology, engineering, and math) graduates, India boasts one of the lowest demand-supply gaps in tech talent globally. This ensures access to a young, diverse, and highly qualified talent pool. It gives India a competitive edge over regional rivals and solidifies its position as the first choice for entities setting up GCC operations.

Within India, cities like Bengaluru, Hyderabad, Delhi NCR, Mumbai, Pune, and Chennai are the most sought-after destinations for GCCs. Additionally, **over 200 GCC units operate** in Tier-II and Tier-III cities, such as Ahmedabad (Gujarat), Kochi and Thiruvananthapuram (Kerala), and Coimbatore (Tamil Nadu), which are emerging as promising GCC hubs.

Major Sectors Attracting GCCs in India



2.1. History & Current Scenario of GCCs in India

The evolution of Global Capability Centres (GCCs) in India began in the 1980s, with Texas Instruments establishing the first offshore centre in 1985 and thus starting the GCC revolutions in India. The government-led economic liberalization and globalization of the 1990s positioned India as a cost-effective outsourcing hub for IT and back-office services, thanks to its vast pool of English-speaking talent and competitive labour costs.

In the early 2000s, BPO operations became the most preferred form of GCC in India. By the late 2000s, GCCs in India transitioned from transactional services to high-value activities such as R&D, data analytics, and innovation. Policies such as the SEZ Act of 2005 and initiatives like Digital India further fueled this growth.

Early 2000s

Captive Centres limited to BPOs

In the early 2000s, global firms entered India to establish captive centres driven by low-cost talent and real estate. These GCCs primarily focused on back-office operations; IT support services like maintenance and help desks, and BPO activities such as data processing, document management.

2005-2012

Growth of GCCs

Captive centres evolved into value-driven Global In-House Centres (GICs), focusing on end-to-end global product lifecycles, R&D capabilities, and process excellence. These GICs transformed into GCCs, spearheading digital transformation and innovation across product and service ecosystems.

2013-2024

Opening of Centres of Excellence

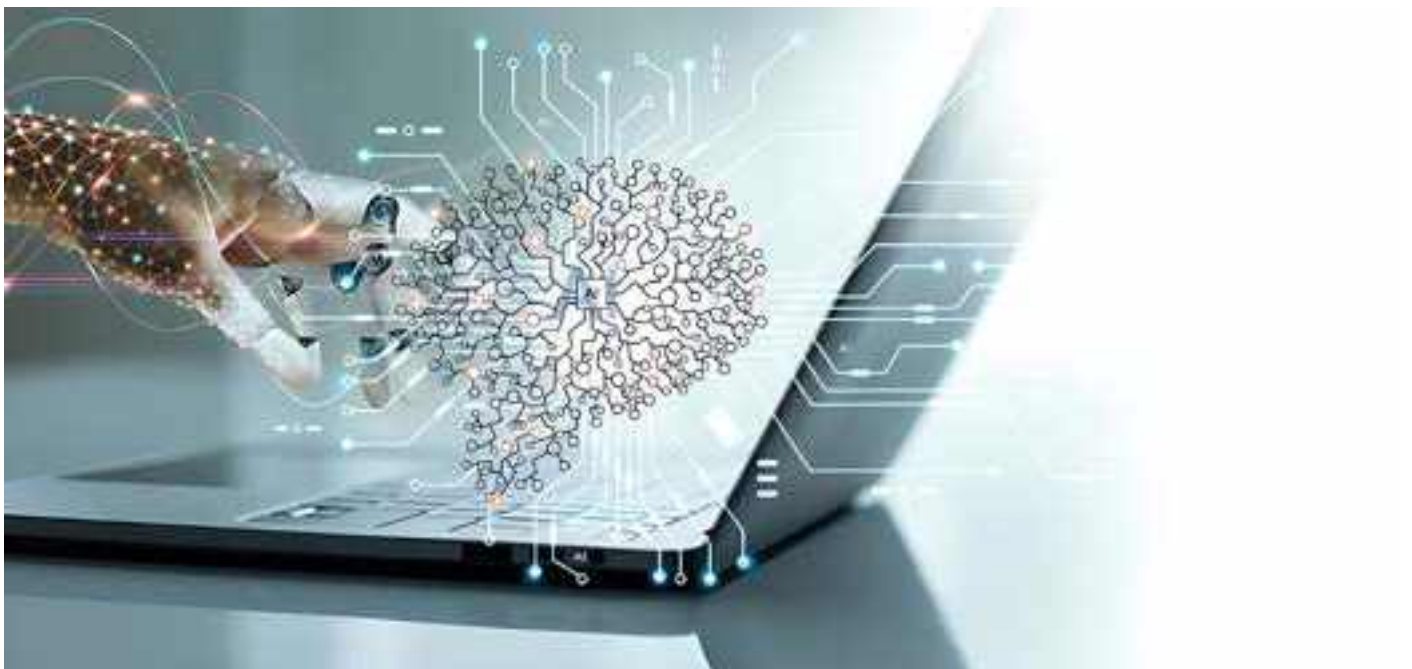
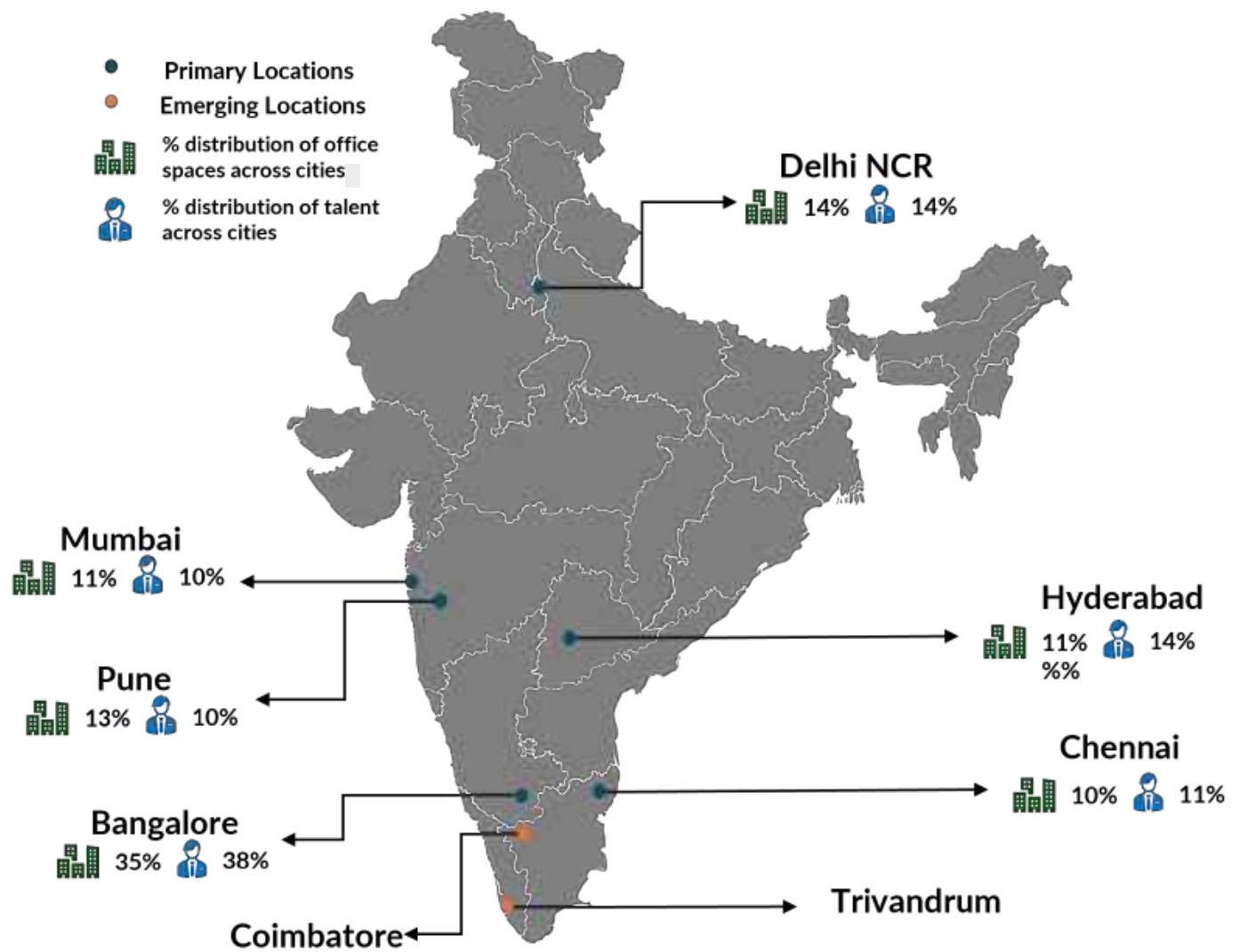
India has emerged as a top destination for global Centres of Excellence (CoEs), focusing on high-value activities like digitization, AI, machine learning, data science, blockchain, analytics, product conceptualization, and vendor management in sectors like ER&D, IT, Accounting, Global Tax and Audits and BFSI.

2024 Onwards

GCCs become Transformation Hubs

GCCs have evolved into transformation hubs, managing end-to-end products/ Services and P&L ownership with greater autonomy. They now oversee value-added, business-critical operations, combining business and technology leadership, and are increasingly entrusted with global roles.

GCC Proliferation across India



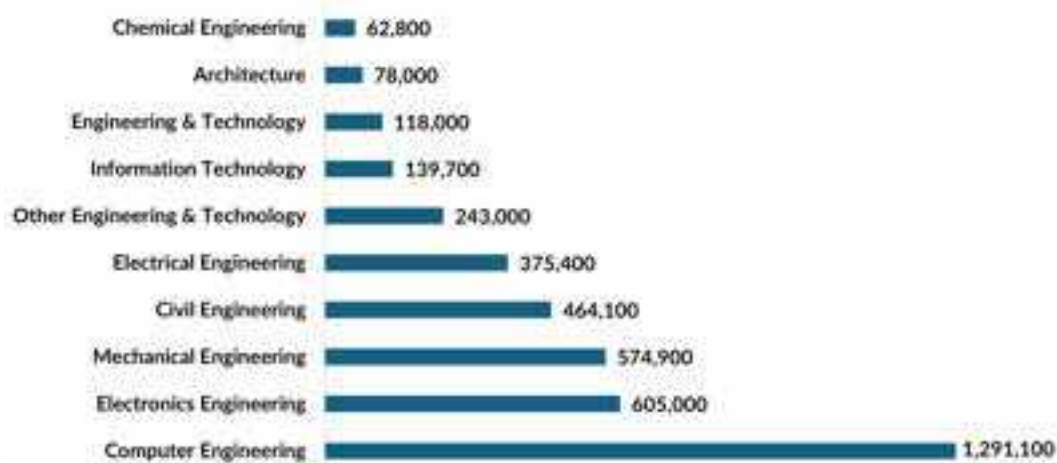
2.2. Why are companies choosing India to set up their GCCs?



i. Vast Pool of Skilled Talent

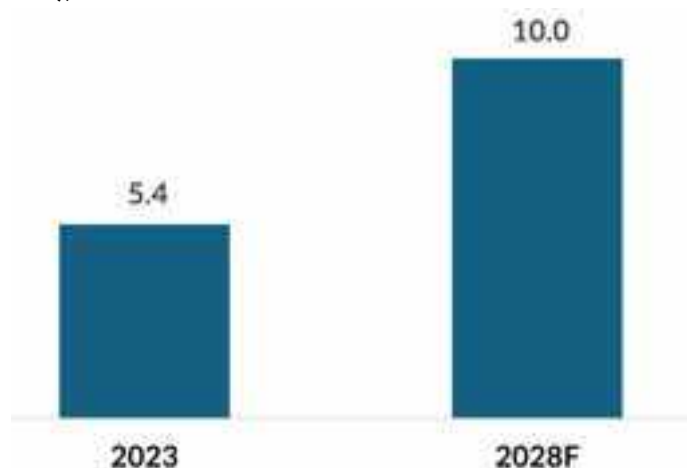
- India's diverse and skilled workforce is pivotal to GCC growth. With over **1.5 million engineering and 500,000 IT professionals graduating annually**, India ensures a steady STEM talent supply, fueling innovation and operational excellence.
- India has the highest number of STEM graduates, with **around 34% of the overall students enrolled in STEM programs**, and ranks as the second-largest country for English language proficiency.
- India has around **5.4 million skilled workers** in the IT and BPM sectors alone. This talent pool allows companies to access specialised skills and expertise without extensive in-house training or recruitment. That's the impact of outsourcing to India.

Fig: Undergraduate Engineering Enrollment in India by Discipline, 2022



Source: All India Survey on Higher Education

Fig: India Tech Talent (In Million), 2023 & 2028F



Source: Hindustan Times

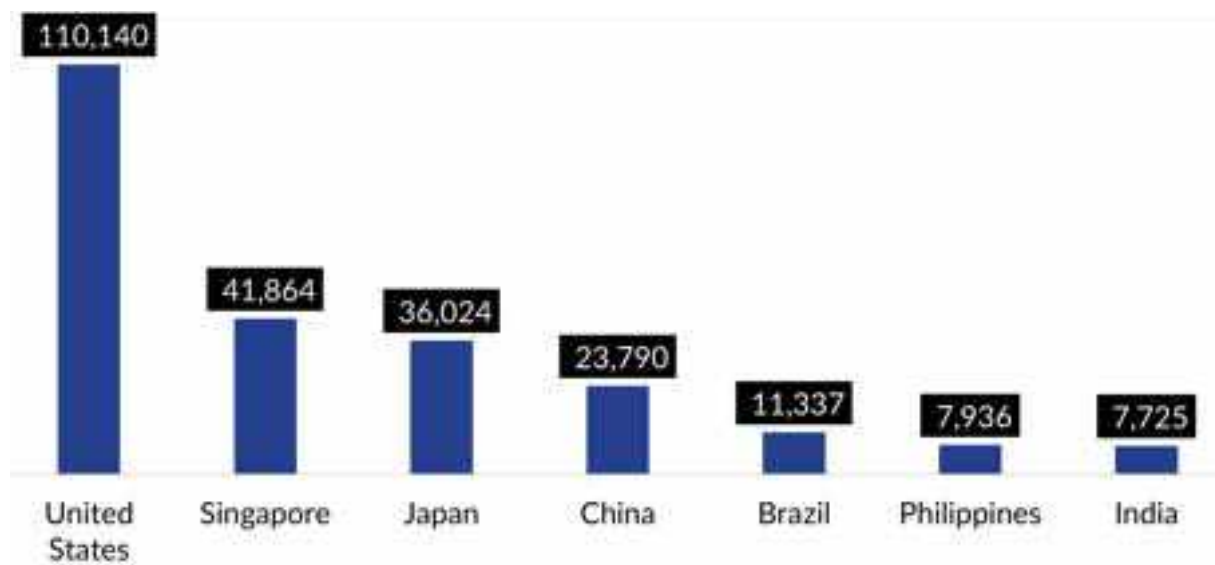
ii. Cost-Effective Operations

- According to a NASSCOM report, companies setting up GCCs in India can save an **average of 40% to 50%** compared to operating in their home countries. These savings extend beyond employee salaries, including operational costs like real estate, utilities, and infrastructure.
- The average salary of skilled IT professionals in **India is 1/10th of that in developed nations and around 1/3rd in China**, enabling businesses to reduce labour costs while maintaining high-quality outputs significantly.
- Despite rising costs in major cities, India's Tier-2 and Tier-3 cities offer significant cost advantages, lower salaries, and infrastructure expenses.
- Additionally, favourable exchange rates and a competitive business environment have amplified the cost advantages, making India an attractive destination for companies seeking to establish offshore operations.

Table: Comparative Cost Analysis of India v/s Other Locations

Aspect	India	China	Singapore	Indonesia	Philippines	Brazil	Vietnam	South Korea
IT & Business Professionals	5.4 million	7 million	163,000+	0.9 million	1.57 million	0.7 million	0.55 million	100,000
Average IT Professional Salary	USD 7,000 - USD 9,000	USD 21,000 - USD 24,000	USD 40,000 - USD 42,000	USD 13,000 - USD 15,000	USD 7,500 - USD 9,500	USD 25,000 - USD 27,000	USD 7,000 - USD 9,000	USD 35,000 - USD 38,000
Premium Office Occupancy Cost in Top Cities (USD/sq ft/ year), Q3 2024	Delhi NCR (USD 77.7)	Hong Kong (USD 234.1)	Singapore (USD 146.7)	Jakarta (USD 42.2)	Manila (USD 41.0)	Sao Paulo (USD 52.1)	Ho Chi Minh (USD 72.4)	Seoul (USD 109.5)
	Mumbai (USD 69.9)	Beijing (USD 115.1)	-	-	-	-	-	-
	Bengaluru (USD 36.2)	Shanghai (USD 106.1)	-	-	-	-	-	-
Estimated Number of English Speakers	228 million	20 million	4 million	86 million	70 million	12 million	30 million	23 million
Corporate Tax	15-30%	25%	17%	22%	25%	34%	20%	24%
Electricity Cost (USD/ kWh)	0.077	0.078	0.254	0.095	0.202	0.154	0.076	0.131

Figure: Average Annual Software Engineer Salary by Country (In USD)



Source: Industry Publications & Stratrich Analysis bases on sources such as US Bureau of Labor Statistics

India & The World: A Comparison



iii. Robust IT Infrastructure & Sector

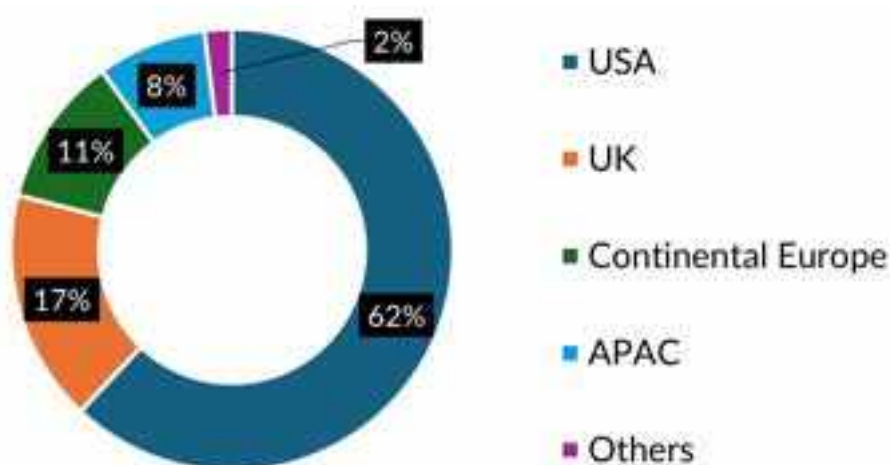
- India boasts the third-largest tech startup ecosystem globally, with over **31,000 active startups**. This ecosystem is supported by well-developed IT infrastructure, including robust internet connectivity, data centres, and cloud computing capabilities.
- Indian global delivery centres serve diverse verticals like BFSI, telecom, and retail, with growing strategic alliances between domestic and international players to deliver worldwide solutions.
- Furthermore, the **digital adoption rate in India has reached 54%** and is poised for significant growth in the coming years. Additionally, increasing investments in data centers are projected to double **capacity to more than 2 GW by 2026 and expand to 3.29 GW by 2028**, fueled by increasing AI, cloud computing, and 5G adoption.
- This growth will provide GCCs in India with scalable infrastructure, enhanced data security, and reduced latency, enabling seamless operations, advanced analytics, and innovation to efficiently support global business needs.

Fig: India IT Sector Revenue (In USD Billion), FY 2018- FY 2030F



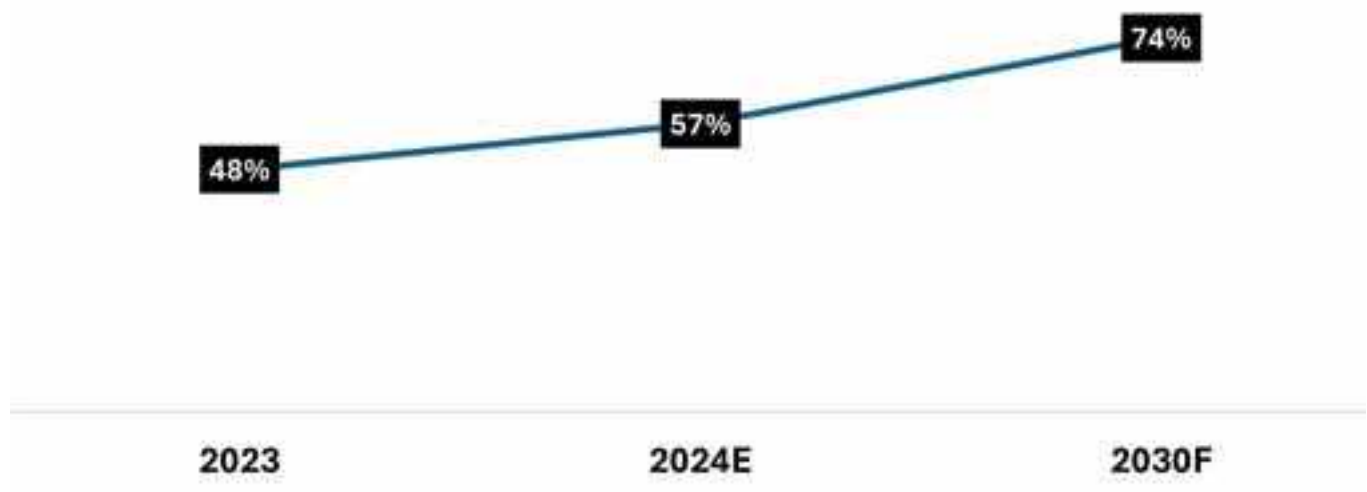
Source: IBEF

IT Export Destinations of India, FY 2023 (%)



Source: IBEF

India's 5G Adoption Rate (%), 2023 & 2028F



Source: Business Standard & First Post

Data Center Capacity in India (MW), 2024E & 2028F



Source: Statista

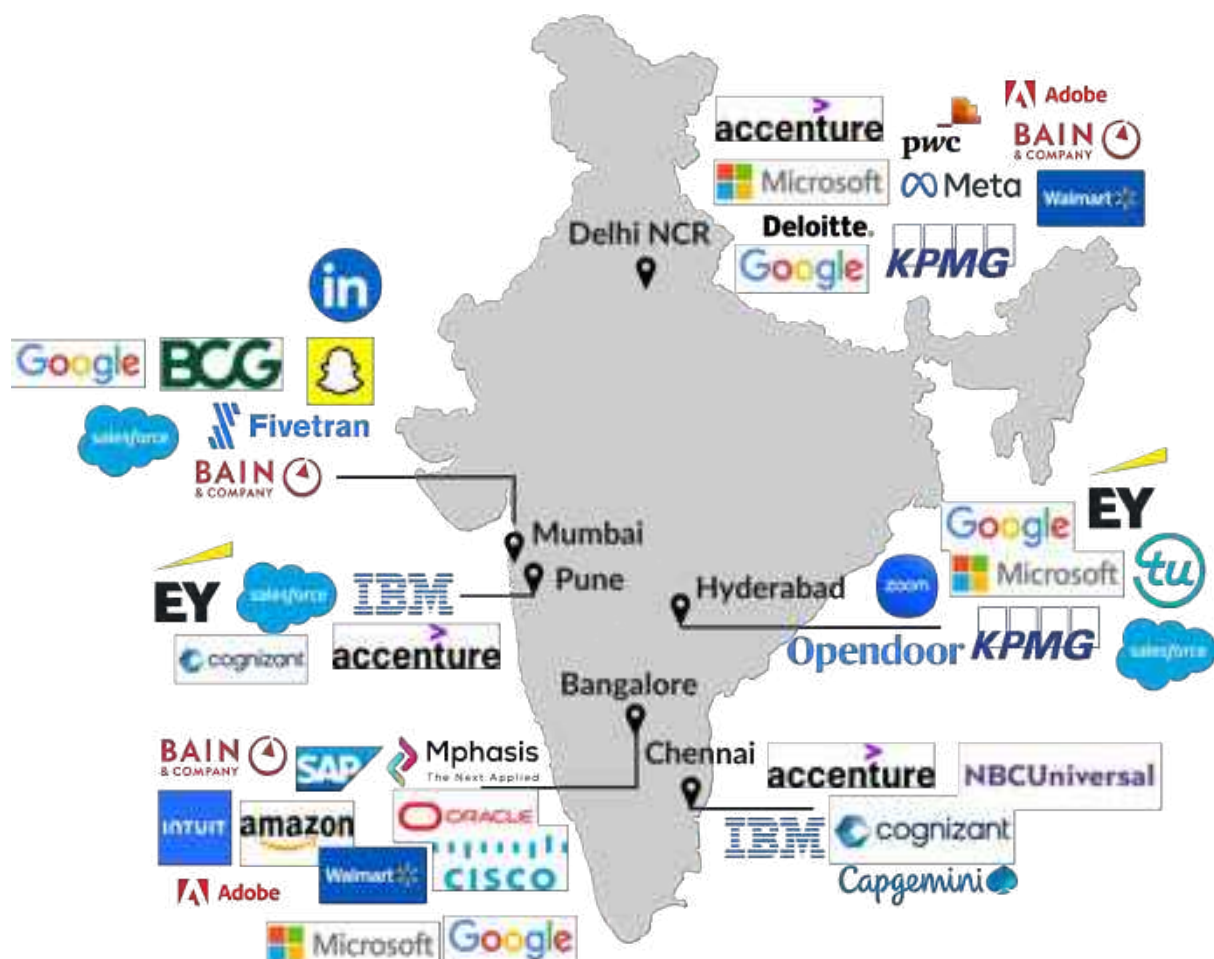


iv. Investor-Friendly Policies

- The Indian Government actively supports foreign investors throughout their investment journey. Various government policies and schemes for GCCs offer incentives such as Indirect tax benefits in Special Economic Zones (SEZs) and promoting innovation through R&D-focused policies. These initiatives attract foreign investment and enable GCCs to develop advanced technologies and services. **As an exception, GIFT City in Gujarat offers direct tax benefits to investors for any ten of the first fifteen years of the incorporation.**
- Furthermore, as part of Budget 2025, the government has announced the establishment of a National Framework for Global Capability Centres (GCCs). This framework will guide states in promoting the growth of GCCs in emerging tier-2 cities nationwide.
- In addition to the Central Government, the respective State Governments of each state in India also offer additional incentives and subsidies to investors for choosing their states for investment. A few examples of state government policies include:
 - Uttar Pradesh Global Capability Centres Policy 2024
 - Karnataka GCC Policy 2024-2029
 - Karnataka IT Policy 2020-2025
 - Gujarat GCC Policy 2025-2030
 - Maharashtra IT/ITeS Policy 2023
 - Uttar Pradesh IT & ITeS Policy 2022

Where are the Hotspots for GCCs in India?

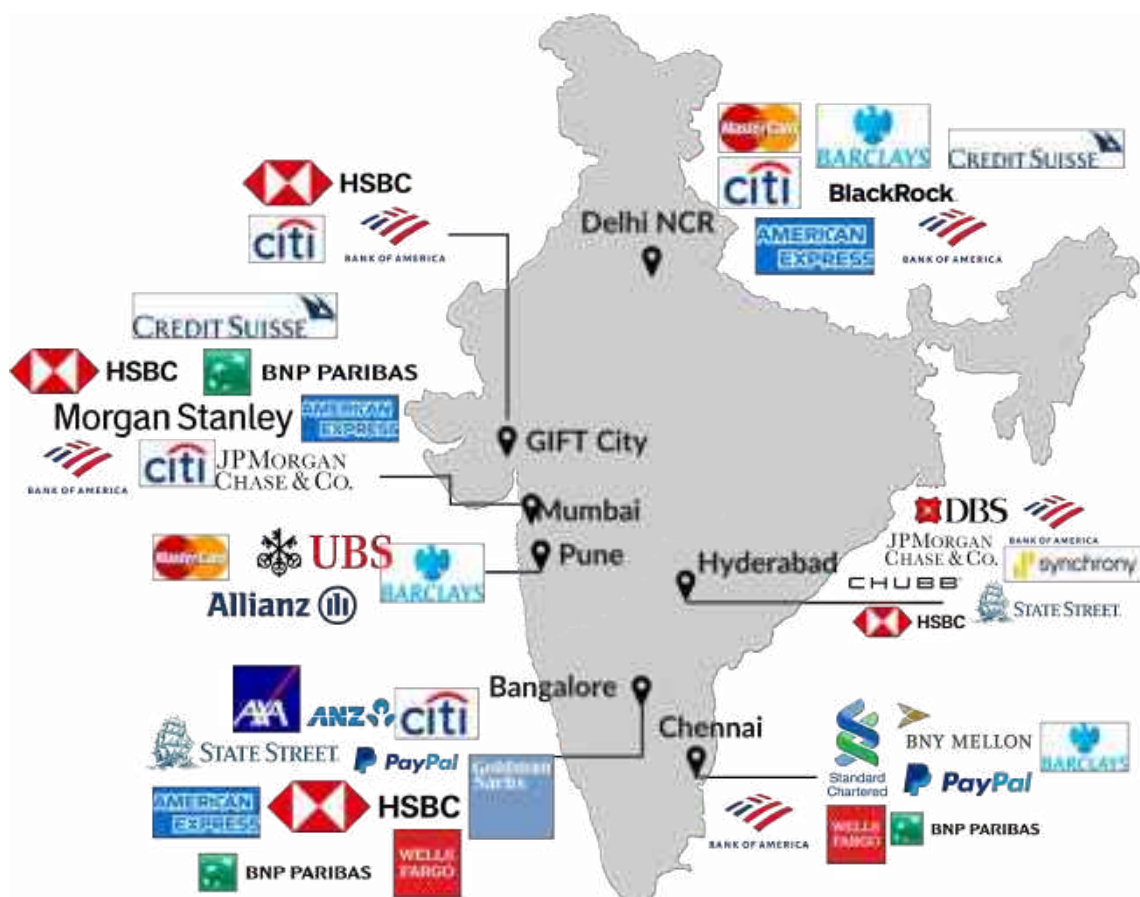
1. IT & BPM



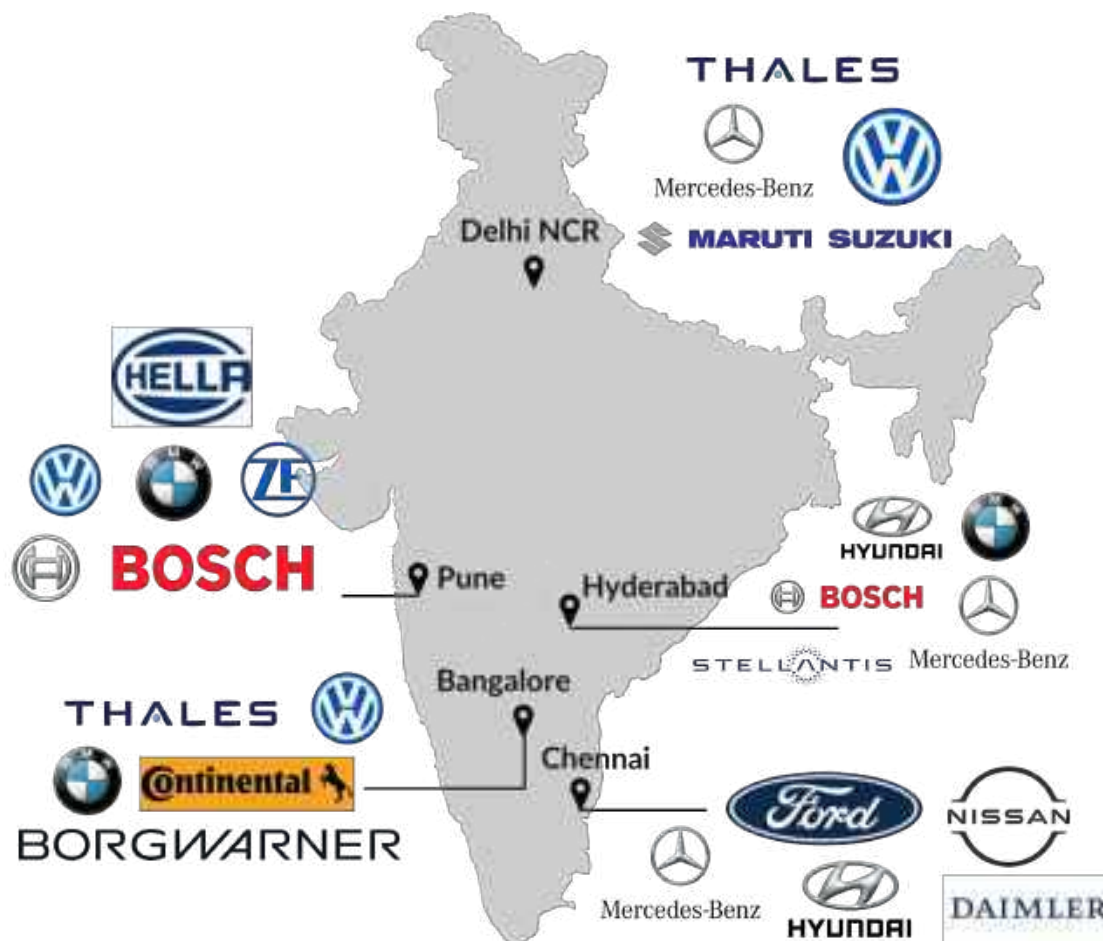
2. Life Science, Healthcare & Pharma Manufacturing



3. Banking, Finance Services & Insurance (BFSI)



4. Automobile & Components Manufacturing and R&D



Recent Investments

1. ZEISS, the German optics firm, has expanded its Global Capability Centre (GCC) in Bengaluru to boost digital transformation and R&D. The premises located at **43,000 sq ft facility** at Prestige Tech Park will house 600 experts in fields like research for medical technologies, vision care, AI, and cybersecurity.
2. Marriott International, an American hospitality and multinational company, has announced its first Global Capability Centre (GCC) in Hyderabad, India, which will become fully operational by early 2025. This centre will leverage local tech talent to enhance Marriott's global technology infrastructure and operations.
3. French drugmaker Sanofi plans to **invest USD 400 million (INR 3,600 crore)** over the next six years to expand its global capability centre (GCC) in Hyderabad by increasing the headcount and further developing the facility. Of the total, **USD 100 million** will be invested by the end of 2025.
4. Eaton, an American-Irish power management company, is set to invest **USD 170 million (INR 2,000 crore)** in establishing a new R&D and Global Application Engineering Centre in Perungudi, Chennai.
5. In July 2024, AstraZeneca, a UK-based pharmaceutical giant, inaugurated its largest Global Capability Centre (GCC) worldwide in Chennai, **creating 4,000 high-quality jobs** while leveraging Tamil Nadu's rich talent pool. The company also announced an additional investment of **USD 30 million (INR 250 crore)** to expand its city's Global Innovation and Technology Centre (GITC).
6. Chevron Corporation, an American multinational energy corporation, is investing **USD 1 billion (INR 8,400 crore)** to establish its first large-scale R&D hub in India, the **Chevron Engineering and Innovation Excellence Center**, in Bengaluru near Bellandur. The center will focus on engineering and digital services and aim to hire 600 specialised professionals **by the end of 2025**, with plans for further expansion.
7. UAE-based logistics company DP World has secured a **150,000 sq ft office space** in Navi Mumbai's Q2 Tower at Aurum Q Parc for its new Global Capability Centre (GCC). This will be the company's fourth GCC in India, underscoring its strategic expansion plans.

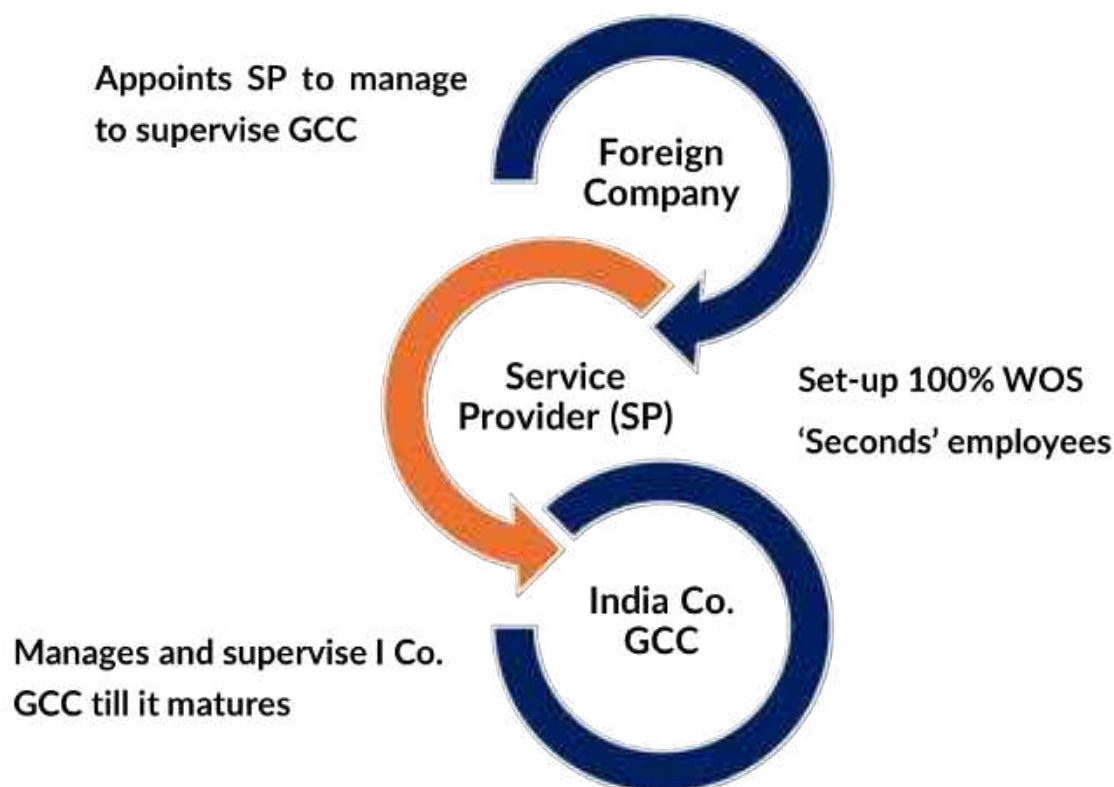
2.3. Different Business Models for Operating GCCs in India

Once established, GCCs in India operate under several business models depending on the parent company's strategic goals. These models offer varying degrees of control, compliance obligations, and risks and are often selected based on the company's long-term vision for its operations in India.

i. Conventional Setup

In the conventional setup, the parent company (Foreign Co.) establishes a wholly owned subsidiary (WOS) in India. The foreign Co. sends its employees to the Indian subsidiary to supervise and manage the GCC until it reaches operational maturity.

- **Advantages:** This model allows the parent company to have complete control over the GCC's operations, making it easier to align with global objectives and attract talent as hiring is done under the parent company's brand.
- **Important Consideration:**
 - a. **Permanent Establishment (PE) Risk:** The secondment of employees can trigger PE risks in India if contracts are not carefully structured. Companies must ensure that secondment arrangements are well-documented, clearly defining the roles and responsibilities of employees to mitigate PE risks.
 - b. **Social Security Contributions:** The Indian subsidiary must comply with local labour laws, including contributions to provident funds and social security schemes.



This type of GCC setup often experiences a time lag of about six months before operations can commence due to compliance formalities. However, once the GCC matures, it facilitates a smooth transition to the parent company with minimal operational disruption.

ii. Build-Operate-Transfer (BOT) Setup

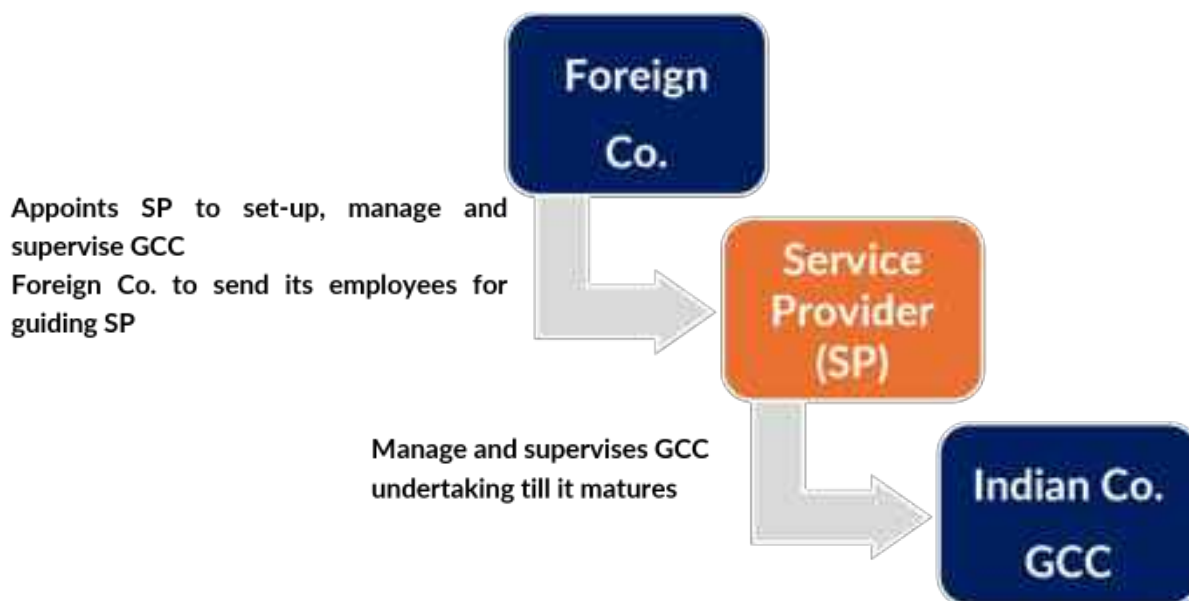
In a BOT (Build-Operate-Transfer) setup, the foreign company hires a Service Provider (SP) to establish and manage the GCC. The SP handles the GCC's daily operations until the parent company take complete control. This model allows operations to start immediately, even before the Indian subsidiary (I Co.) is fully operational.

- **Advantages:**

- a. **Quick Start:** Operations can begin immediately as the service is more straightforward in attracting talent since employees will eventually work under the parent company's brand.
- b. **PE Risk Mitigation Post Transfer to Subsidiary:** The secondment of employees can trigger PE risks in India if contracts are not carefully structured. Companies must ensure that secondment arrangements are documented, defining the roles and responsibilities of employees to mitigate PE risks.

- **Important consideration:**

- a. **Talent Acquisition:** Hiring talent through a third-party service provider can be challenging, as candidates may prefer the stability and long-term career prospects offered by direct employment under the parent company.
- b. **Tax and Regulatory Implications:** The transition of GCC operations from the service provider to the parent company will involve significant tax and regulatory implications, particularly regarding the transfer of employees, intellectual property, and potential asset sales.



iii. Hybrid Setup (EOR Model)

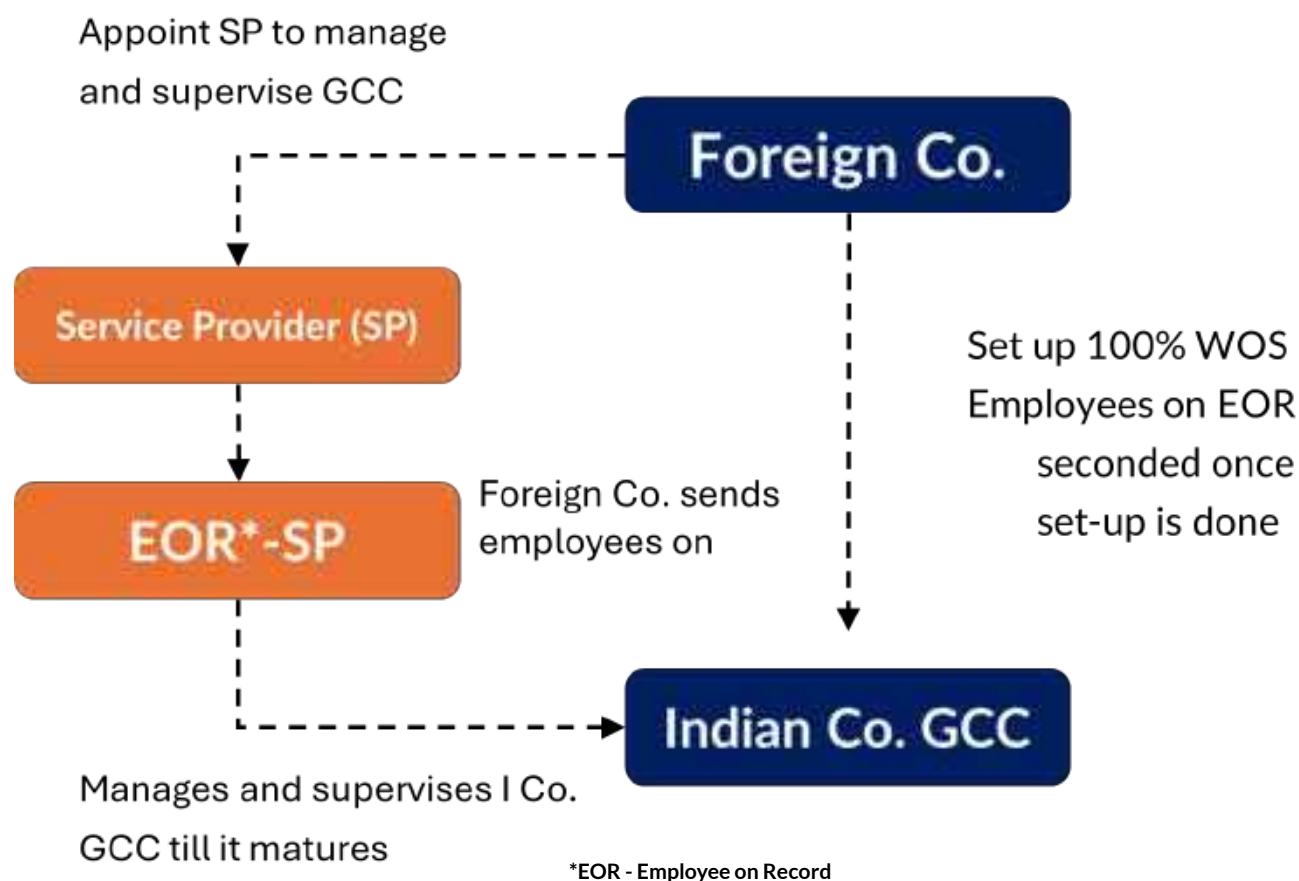
In the Hybrid or Employer-on-Record (EOR) setup, the foreign company hires a service provider to manage the GCC while simultaneously working on establishing an Indian subsidiary (I Co.). Employees are temporarily seconded to the service provider during the transition period and later transferred to the Indian entity once it is fully established.

- **Advantages:**

- a. This model offers flexibility by enabling the GCC to start operations immediately while the parent company establishes its legal entity in India.
- b. It's easier to attract talent because employees know they will eventually work for the parent company.

- **Important Consideration:**

- a. **Secondment and PE Risk:** As with the conventional setup, secondment arrangements in the hybrid model can lead to PE risks if not properly managed.
- b. **Social Security and Employee Benefits:** Employees seconded under the EOR model must comply with local labour laws, including contributions to provident funds and social security schemes.



2.4. Steps to Set Up a GCC in India

Setting up a Global Capability Center (GCC) in India involves a structured, multi-step process that demands strategic planning and attention to several key factors. These include investment decisions, location selection, legal entity formation, and financial planning. While the specific approach may vary based on the chosen business model and the GCC's objectives, the timeline typically spans 6 to 9 months. Below is a detailed breakdown of the essential stages and their estimated timelines.

- i. **Investment Decision:** The first step in setting up a GCC is deciding between a Direct Investment approach or establishing it through an Intermediate Holding Company (IHC). For businesses seeking to leverage international tax treaty benefits, structuring through an IHC can be advantageous, provided it meets the Principal Purpose Test (PPT) requirements. Additionally, companies must ensure compliance with Foreign Direct Investment (FDI) regulations under the Foreign Exchange Management Act, 1999 (FEMA), particularly regarding sectoral caps and restrictions.
- ii. **Site Selection:** Choosing the right location in India for your GCC is critical. India provides various operational environments, including Domestic Tariff Areas (DTAs) and incentivised zones like Special Economic Zones (SEZs), Software Technology Parks of India (STPIs), and Export-Oriented Units (EOUs). These zones offer benefits such as import duty exemptions and export incentives. Other essential considerations include the availability of skilled talent, a supportive business ecosystem, and proximity to clients and suppliers.
- iii. **Capital Structure:** The appropriate capital structure ensures long-term financial sustainability. Companies must carefully evaluate the advantages and disadvantages of equity versus debt financing. While dividends on equity are not tax-deductible, interest in debt is, making debt a favourable option for funding. However, it is essential to consider interest limitation rules and External Commercial Borrowing (ECB) regulations under exchange control laws to ensure compliance. Dividends are taxable in the hands of shareholders, so here treaty and treatment of taxation of Dividends in the hands of shareholders becomes a critical factor.
- iv. **Legal Entity Formation:** The next step is forming a legal entity. In India, businesses generally choose between creating a Company and a Limited Liability Partnership (LLP).

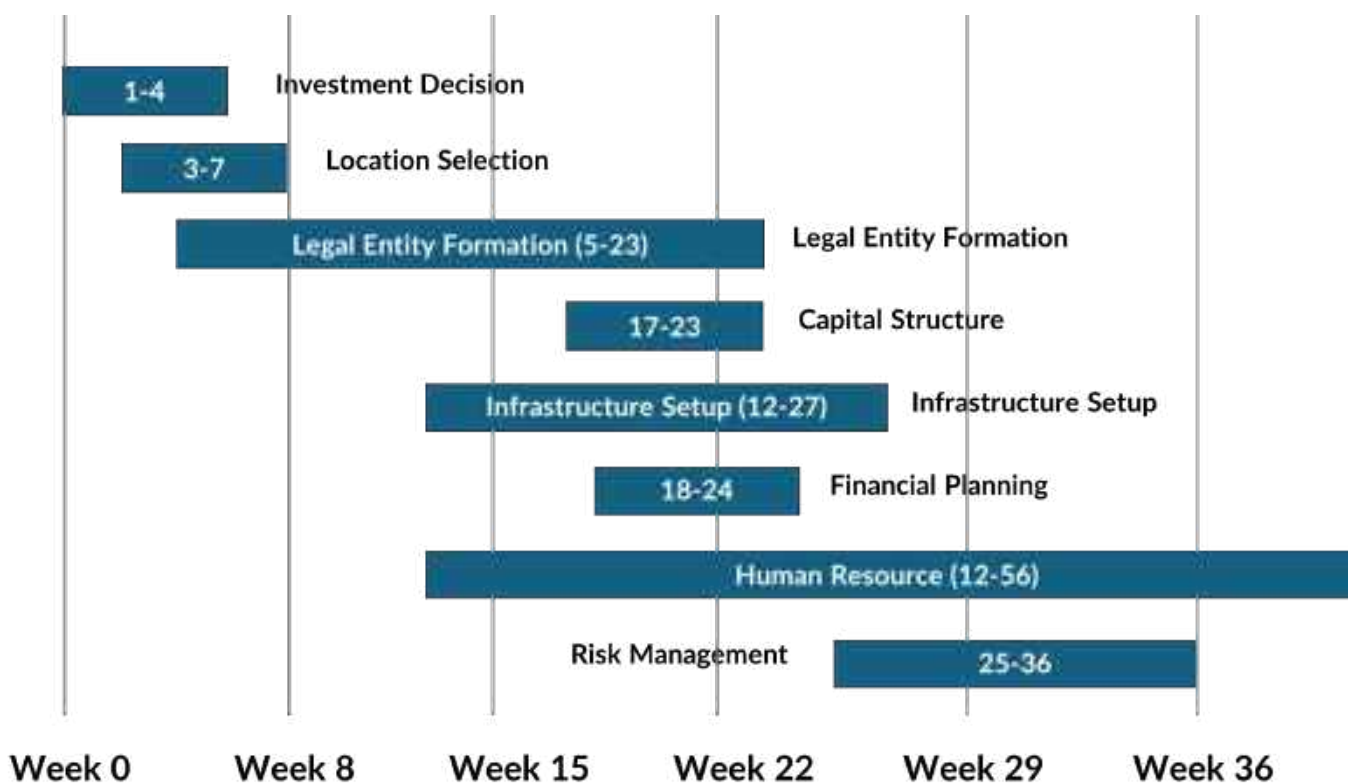


Type of Entities

	Limited Liability Partnership (LLP)	Private Limited Company (PLC)	Wholly Owned Subsidiary (WOS)
Legal Status	Separate legal entity	Separate legal entity	Separate legal entity
Permitted Activities	All permitted business activities	All permitted business activities	All permitted business activities
Commercial Activities/ Income Generation	Allowed	Allowed	Allowed
Approval Route	Automatic route (most sectors)	Automatic route (most sectors)	Automatic route (most sectors)
Resident Requirement	1 Designated Partner	1 Director must be a Resident of India	1 Director
Parent Company Requirements	No specific requirement	No specific requirement	No specific requirement
Basic Tax Rate	30% + surcharge & cess	15-30% options available	15-30% options available
Permanent Establishment Status	No (If operates Independently)	No (If operates Independently)	No (If operates Independently)
Repatriation of Profits	Allowed after tax	Through dividends	Through dividends
Minimum Capital	Recommended INR 10,000	No minimum capital required, Recommended INR 1,00,000	No minimum Recommended INR 1,00,000
Key Compliances	Annual returns, financial statements, Audit in certain cases, Income tax returns, GST Returns, Labor Law returns	Annual returns, Income tax returns, Statutory audits, and Annual ROC compliances, Board meetings, AGM, GST Returns, Labor Law returns	Annual returns, financial statements, Tax returns, Statutory Audits, Annual ROC Compliances, Board meetings, AGM, GST Returns, Labor Law returns
Property Ownership	Can own office property	Can own office property	Can own office property

- v. **Infrastructure Setup:** Establishing physical and IT infrastructure is critical in setting up the GCC. This involves securing office space, obtaining necessary licenses, and installing IT systems such as firewalls, Endpoints, networking devices and physical servers (if required). Proper planning is essential to ensure the infrastructure is scalable and secure, especially when the GCC is expected to handle sensitive or proprietary information or PII.
- vi. **Financial Planning:** Comprehensive financial planning includes budgeting for both initial setup costs and ongoing operational expenses. This stage also involves structuring transfer pricing policies and preparing Transfer Pricing Planning File, ensuring the inter-company pricing model complies with Indian regulations, and performing a FAR (Functions, Assets, and Risks) analysis. Maintaining clear transfer pricing documentation is vital to avoid future disputes with tax authorities.
- vii. **Human Resources and Talent Acquisition:** The recruitment and availability of skilled talent are pivotal to the success of a GCC. India provides a highly skilled workforce, particularly in the IT, BPO, ITES and R&D sectors. However, companies must comply with legal registration requirements related to labour laws, such as Provident Fund (PF), Employee State Insurance (ESI), and Professional Tax registrations etc.
- viii. **Risk Management:** Identifying and mitigating risks is critical for GCC's long-term success. Companies must establish a robust risk management framework incorporating internal controls and a business continuity plan (BCP) to address potential regulatory, operational, and market risks.

Fig: Tentative timelines for setting up GCC in India



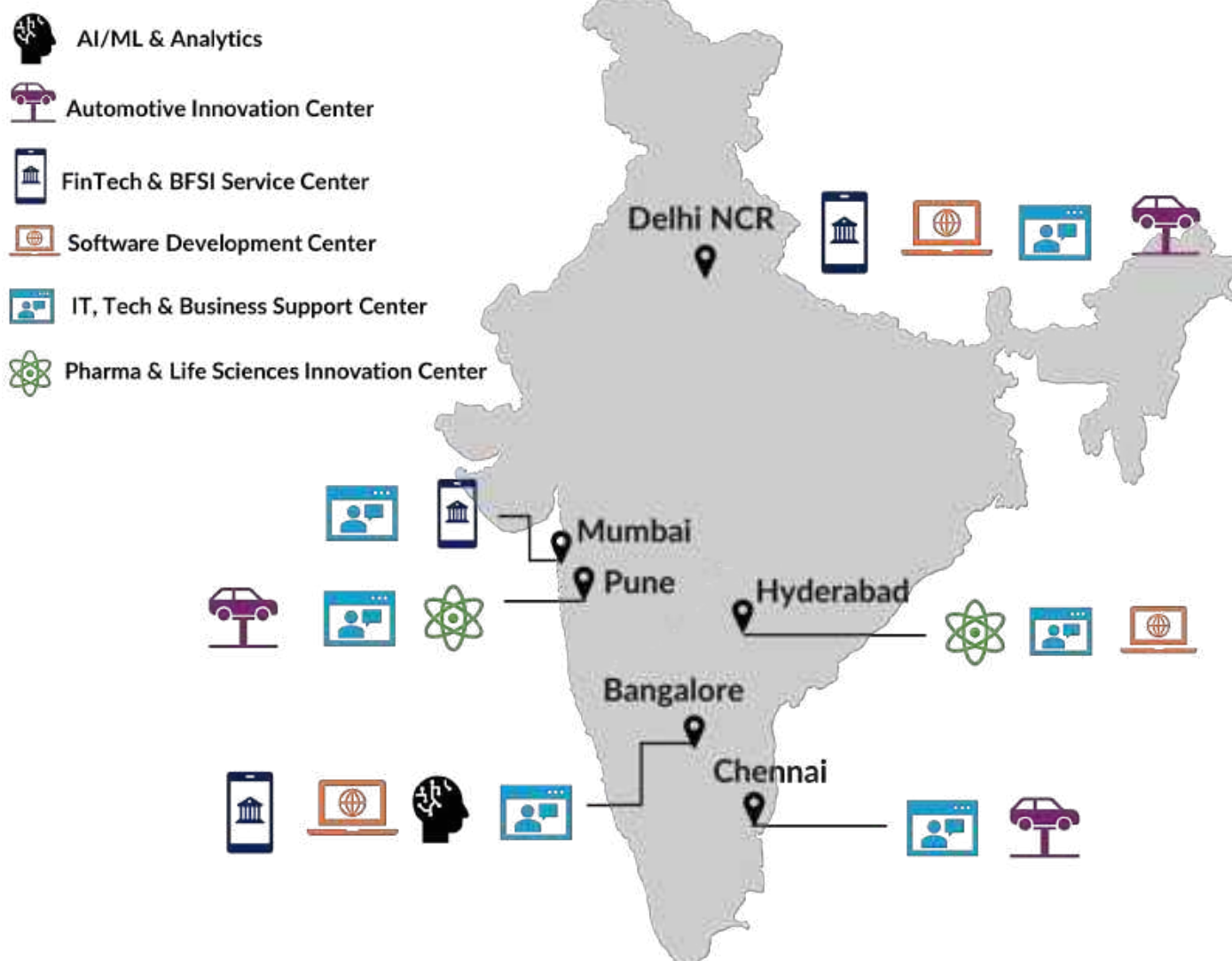
2.5. Essential Compliance Requirements for Operating GCCs in India

After becoming operational, GCCs must comply with various tax, labour, and corporate law regulations. Below is a summary of the key compliance obligations that must be fulfilled monthly, quarterly, annual, and in real-time. The following provides a snapshot of the essential compliance requirements.



3. GCC Site Selection Guide

Several Indian cities are recognised as ideal destinations for establishing Global Capability Centres (GCCs), thanks to their vital infrastructure, skilled workforce, and favourable business environment. However, choosing the right location depends on factors such as the investor's industry focus, talent availability, and operational costs. Here's a look at some of the top GCC destinations in India:



3.1. Bengaluru (Karnataka)

Bangalore, officially known as Bengaluru, is the capital of the Indian state of Karnataka. With a population exceeding ten million, it is a megacity, the third-most populous city, and India's fifth-most populous urban agglomeration. In southern India on the Deccan Plateau, Bengaluru stands over 900 meters (3,000 feet) above sea level, making it the highest among India's major cities.

Bengaluru is widely recognised as the centre of India's high-tech industry and is famously called the '**Silicon Valley of India**' due to its role as the nation's leading exporter of information technology (IT) services. The city boasts the largest technology workforce in the country, with approximately two million professionals employed in the sector. It is home to **25,000 IT companies and several Fortune 500 firms**. Additionally, Bengaluru is India's top startup hub, hosting **over 7,000 startups**.

The city also serves as a hub for Global Capability Centers (GCCs), with over 870 centers operating in Bengaluru. The major types of GCCs in Bengaluru are **IT & Software Development Centers and Analytics & AI/ML Centers**, thanks to the highly **developed IT and tech sector**, along with the availability of tech talent in the city. In addition, the government of Karnataka introduced policies such as the **Karnataka GCC Policy 2024-2029**, which would further solidify Bengaluru's position as a leading destination for technology, research and development (R&D), and innovation.

Fresh Talent Pool



70,000 - 80,000

Top Sector in GCC Leasing



IT & Technology



BFSI



Incentive	Details	Limit/Cap
Skilling Reimbursement	20% reimbursement of skilling expenses for graduates and diploma holders	—
Collaboration Platform	Matchmaking service for industry-academia partnerships	—
GCC Facilities	100% reimbursement for startups using GCC labs	Up to INR 4 million (USD 47,200)
Innovation Labs Funding	Up to 40% funding for establishing innovation labs	—
Innovation Challenges	Government funding for GCCs addressing public service issues	Up to INR 15 million (USD 177,000)
Event Hosting Support	One-third reimbursement of event hosting costs	Up to INR 2.5 million (USD 29,500)
Intellectual Property Incentives	50% reimbursement of patent filing fees	Varies by location
Quality Certification Assistance	Up to 50% reimbursement for certification fees	—
Rental Assistance	50% reimbursement of rent for GCCs beyond Bengaluru	Capped at INR 20 million (USD 240,000)
R&D Infrastructure Grants	Up to 40% funding for larger setups	Capped at INR 500 million (USD 5.90 million)
EPF Contribution Reimbursement	Reimbursement of EPF contributions for new hires	INR 3,000 (USD 34) per employee per month for 2 years
Telecom Infrastructure Support	25% reimbursement of internet expenses	For 3 years
Joint Research	Funding for approved research budgets	50%, up to INR 7.5 million (USD 88,500)

Karnataka IT Policy 2020-2025

The Government of Karnataka (GoK) has introduced the Karnataka IT Policy 2020-2025, focusing on enhancing infrastructure, markets, ecosystems, talent, and ease of doing business to drive the growth of the IT industry. The evolving scenario in IT landscape presents challenges and opportunities as Karnataka spearheads India's progress toward becoming a trillion-dollar digital economy.

Category	Incentive
IT Hubs/Clusters	Financial support up to 20% of fixed investment for infrastructure (excluding land), with a ceiling of INR 30 million (USD 354,000). Eligible for IT hubs outside Zone 3 with: <ul style="list-style-type: none"> - Minimum occupancy rate of 60% by IT/ITeS entities - Or minimum employment generation of 500 in IT/ITeS. Requires State Level Committee approval.
Co-working Spaces/ Plug & Play Infrastructure	Financial support up to 33% of fixed investment for infrastructure (excluding land), with a ceiling of INR 20 million (USD 240,000). Eligibility criteria: <ul style="list-style-type: none"> - Minimum built-up area: 15,000 sq. ft. - Minimum occupancy rate: 60% by IT/ITeS entities - Or occupancy of 300 IT/ITeS professionals. Approval from State Level Committees is required.
Lease/Rental Reimbursement	<p>Option 1: INR 10/sq. ft. (USD 0.12/sq.ft.) reimbursement for IT/ITeS entities outside Zone 3, up to INR 0.3 million (USD 3,500) for 1 year.</p> <p>Option 2: INR 1,000 (USD 11.8) /seat reimbursement, up to INR 0.6 million (USD 7,000) for 1 year. Applicable only once during the policy period.</p>
Mega Enterprises	Tailor-made package of incentives for projects with investments above INR 2,500 million (USD 29.5 million), evaluated on a case-to-case basis by the government.
Stamp Duty Exemption	75% exemption in Mysuru, Hubballi, Dharwad, and Mangaluru. 100% exemption in all other zones except Zone 3, as per Karnataka Industrial Policy.
Power Tariff Concession	IT/ITeS entities are eligible for industrial power tariffs instead of commercial ones, subject to KERC orders.

3.2. Chennai (Tamil Nadu)

Chennai, the capital of Tamil Nadu, is often referred to as the “**Detroit of Asia**” and serves as a major industrial and commercial hub in southern India. Strategically situated on the Coromandel Coast along the Bay of Bengal, **Chennai** is known for its well-connected infrastructure, including a major seaport, an international airport, and a substantial road and rail network, positioning it as a gateway to South India.

The city is a key driver of the region’s economy, with a diversified industrial base encompassing automotive, information technology (IT), financial services, healthcare, and manufacturing sectors. Chennai’s automotive industry is particularly notable, as it houses global giants like **Ford, Hyundai, and Renault-Nissan**.

Furthermore, the number of **GCCs in Chennai has reached 150** and is expected to grow further, driven by its strong infrastructure and skilled talent pool, which make it a top choice for businesses in these sectors.

Fresh Talent Pool



30,000 - 40,000

Top Sector in GCC Leasing



Manufacturing & Engineering

Tamil Nadu ICT Policy 2018-till date

Incentive Type	Criteria/Details
Capital Subsidy & Electricity Tax Exemptions	Based on investment in fixed assets and employment created: <ul style="list-style-type: none">- INR 5 Cr. (USD 0.6 million) - INR 50 Cr. (USD 5.8 million): INR 0.30 Cr. (USD 34,958) subsidy + 2 years tax exemption- INR 50 Cr. (USD 5.8 million) - INR 100 Cr (USD 11.7 million): INR 0.60 Cr (USD 69,916) subsidy + 3 years exemption- INR 100 Cr. (USD 11.7 million) - 200 Cr (USD 23.4 million): INR 1 Cr. (USD 0.12 million) subsidy + 4 years exemption- INR 200 Cr. (USD 23.4 million) -500 Cr. (USD 58.3 million): INR 1.5 Cr (USD 0.17 million) subsidy + 5 years exemption
Additional Capital Subsidy	<ul style="list-style-type: none">- Upto 50% for units in government-promoted SEZs and other specified locations
Special MSME Incentives	<ul style="list-style-type: none">- Training for up to 100 employees for 3 years through Tamil Nadu Skill Development Corporation.- 10% lease rental subsidy (max INR2 L/year for 3 years)- Support for international market linkages
Quality Certification Financial Assistance	<ul style="list-style-type: none">- MSMEs reimbursed 50% of certification costs, up to INR 5 lakh (USD 5,827) <p>Note: can be availed only once</p>
Reimbursement of Stamp Duty	<ul style="list-style-type: none">- 50% reimbursement for the first land/building transaction- Conditional on project commencing operations within 3 years

3.3. GIFT City (Ahmedabad, Gujarat)

Gujarat International Finance Tec-City (GIFT City) is a central business district under construction in the Gandhinagar district, a suburb of Ahmedabad, within the Ahmedabad Metropolitan Region in Gujarat, India. It is India's first operational greenfield smart city and international financial services center, promoted as a greenfield project by the Government of Gujarat. In 2020, GIFT IFSC secured 10th place globally in the finance industry and achieved the top rank among emerging financial centers in the Global Financial Centres Index.

The city is situated on the banks of the Sabarmati River, approximately 12 km (7.5 mi) from Sardar Vallabhbhai Patel International Airport. It is designed to enable residents to “walk to work” and features commercial, financial, and residential complexes. The city is well-connected through 4-6 lane state and national highways.

Benefits of setting up GCC in GIFT City

- 1. Strategic Location:** GIFT City's strategic location in Ahmedabad ensures seamless connectivity to major business hubs like Mumbai, Delhi, Bengaluru, and Hyderabad via air, rail, and road networks. Proximity to Sardar Vallabhbhai Patel International Airport and integration with the Delhi-Mumbai Industrial Corridor further enhance its accessibility, fostering efficient collaboration and business operations.
- 2. Business Environment:** GIFT City offers a streamlined business environment with single-window clearances and efficient regulatory processes, expediting GIC setup and operations.
- 3. Favorable Regulatory Framework & Tax Advantages:** The International Financial Services Centers Authority (IFSCA) offers a more flexible and innovation-friendly regulatory framework than traditional Indian regulations. Additionally, Companies operating within GIFT City enjoy tax benefits on profits earned from export activities. Furthermore, GIFT City provides significant tax incentives to attract businesses, especially in the financial services sector. Companies operating within the International Financial Services Centre (IFSC) benefit from a 100% income tax holiday for 10 out of 15 years, and no Goods and Services Tax (GST).



Incentive Category	Description of Support
CAPEX Support (Category I - GFCI < INR 250 Cr. (USD 26.7 million))	<ul style="list-style-type: none"> - Up to 20% of expenditure on construction, building purchase, and fixed assets (Max: INR 50 Cr. (USD 5.7 million)) - Up to 30% of expenditure on computers, software, and networking hardware - Disbursed in 20 equal quarterly instalments.
CAPEX Support (Category II - Mega Projects, GFCI ≥ INR 250 Cr. (USD 26.7 million) or ≥ 500 employees)	<ul style="list-style-type: none"> - Up to 20% of expenditure on construction, building purchase, and fixed assets (Max: INR 200 Cr. (USD 22.9 million)) - Up to 30% of expenditure on computers, software, and networking hardware - Disbursed in 20 equal quarterly instalments.
OPEX Support (Category I - GFCI < INR 250 Cr.)	<ul style="list-style-type: none"> - Up to 15% of annual eligible OPEX expenditure (Max: INR 20 Cr. (USD 2.3 million)/year for 5 years) - Bandwidth & Cloud Rental capped at 35% of eligible OPEX or INR 7 Cr. (USD 8,00,000)/year, whichever is lower - Total OPEX support capped at INR 20 Cr. (USD 2.3 million)/year for 5 years - Disbursed in quarterly instalments.
OPEX Support (Category II - Mega Projects, GFCI ≥ INR 250 Cr. (USD 26.7 million) or ≥ 500 employees)	<ul style="list-style-type: none"> - Up to 15% of annual eligible OPEX expenditure (Max: INR 40 Cr./year for 5 years) - Bandwidth & Cloud Rental capped at 35% of eligible OPEX or INR 14 Cr./year, whichever is lower - Total OPEX support capped at INR 40 Cr. (USD 4.6 million)/year for 5 years - Disbursed in quarterly instalments.
Employment Generation Incentive (EGI)	<ul style="list-style-type: none"> - One-time support for each new job created - 50% of one month's CTC per new employee - INR 50,000 (USD 573) per male employee - INR 60,000 (USD 688) per female employee <p><i>Note: Can be claimed only once per employee's lifetime</i></p>

Interest Assistance	<ul style="list-style-type: none"> - 7% interest subsidy on term loan or actual interest paid (whichever is lower) - Max: INR 1 Cr. (USD 1.1 million)/year for 5 years - Loan must be from an RBI-approved Indian financial institution (excluding NBFCs) - Loan must be availed from an Indian branch & repayment period must start during the policy's operative period - Eligible loan amount capped at 70% of GFCI
Atmanirbhar Gujarat Ro-jgar Saha	<ul style="list-style-type: none"> - Reimbursement of employer's statutory EPF contribution for 5 years - 100% reimbursement for female employees - 75% reimbursement for male employees - Incentive per employee capped at 12% of basic salary + DA + retaining allowance
Electricity Duty Incentive (EDI)	100% reimbursement of electricity duty paid to the Government of Gujarat for 5 years from the start of commercial operations or in-principle approval (whichever is later)

Note: GFCI stands for Gross Fixed Capital Investment

3.4. Delhi NCR

Delhi NCR (National Capital Region) is one of India's largest metropolitan areas, including Delhi and surrounding districts in Haryana (Gurugram, Faridabad, Sonipat, Panipat, Rewari), Uttar Pradesh (Noida, Greater Noida, Ghaziabad, Meerut, Bulandshahr), and Rajasthan (Alwar, Bharatpur). Established under the National Capital Region Planning Board Act of 1985, it aims to promote balanced development and alleviate population and infrastructure pressures on Delhi.

The Delhi NCR region also hosts over 300 Global Capability Centers. Its diverse ecosystem positions it as a top destination for IT/ITeS, BFSI (including accounting), and consulting firms.

The region's focus on infrastructure development—including expressways, metro connectivity, and innovative city initiatives—further enhances its appeal. These factors have attracted substantial domestic and foreign investments, solidifying Delhi NCR's role as one of India's leading hubs for IT-enabled Services (ITeS).

Fresh Talent Pool



25,000 - 35,000

Top Sector in GCC Leasing



Technology

Uttar Pradesh IT & ITeS Policy 2022

The Uttar Pradesh IT/ITeS Policy aims to foster a thriving IT ecosystem by offering financial and non-financial incentives like capital subsidies, land reimbursement, and stamp duty exemptions. It promotes the development of IT parks, technology hubs, and Centers of Excellence while supporting skill enhancement in emerging technologies and digital literacy. The policy also advances e-governance, digital connectivity, and a favourable regulatory environment. Additionally, IT companies are granted industry status, enabling access to land at industrial rates.

Category	Incentive	Details
Capital Subsidy	10% of FCI	Maximum up to INR 500 million (USD 5.9 million).
Operating Expense Subsidy	10% on operating expenses	Covers lease rentals, bandwidth, data centre/ cloud costs, and power charges, capped at INR 200 million (USD 2.36 million).
Land Cost Reimbursement	25% reimbursement	Capped at INR 500 million (USD 5.9 million).
Stamp Duty Exemption	100% exemption	Applicable to land/office purchase or lease.
Interest Subsidy	7% for 5 years	Capped at INR 10 million (USD 11,800) per annum.
EPF Reimbursement	100% reimbursement	Maximum up to INR 10 million.
Certification Incentives	Reimbursement	Up to INR 2.5 million (USD 2,947) per unit.
Patent Filing Cost	Reimbursement	Based on actual filing costs.
Course Fee Reimbursement	50% reimbursement	Capped at INR 50,000 (USD 589) per candidate.

3.5. Hyderabad (Telangana)

Hyderabad, the capital of Telangana, is a significant economic hub in India, known for its rich history, culture, and thriving economy. It significantly contributes to India's GDP, mainly through its information technology (IT) and IT-enabled services (ITES) sectors, with areas like **HITEC City** and the **Financial District** hosting global tech giants like Microsoft, Google, and Amazon. The city is also a leader in pharmaceuticals and home to companies such as Dr. Reddy's Laboratories, Bharat Biotech, and Aurobindo Pharma, earning it the nickname "**Genome Valley**" of India.

Additionally, Hyderabad accounts for over **180 GCC presence**, driven by its stronghold in information technology, biotechnology, and pharmaceuticals. With renowned research universities and a government-supported ecosystem, the city is well-suited for GCCs focusing on these industries.

Fresh Talent Pool



50,000 - 60,000

Top Sector in GCC Leasing



Technology



Life Science & Healthcare

3.6. Mumbai (Maharashtra)

Mumbai, the capital of Maharashtra, is India's financial capital and one of the largest metropolitan cities in the world. It serves as the country's economic, commercial, and entertainment hub. Mumbai's economy is one of the largest in India, contributing **around 6% to the country's GDP and more than 20%** to the state's GDP.

The city is the headquarters of the **Reserve Bank of India (RBI)**, the **Bombay Stock Exchange (BSE)**, and the **National Stock Exchange (NSE)**, cementing its position as India's financial hub. It is home to several multinational corporations, banks, and insurance companies, with Nariman Point and Bandra-Kurla Complex (BKC) as key financial districts.

Furthermore, Mumbai is a significant Global Capability Centers (GCCs) hub. The city is attractive for GCCs due to its **skilled workforce, established infrastructure, and proximity to financial markets**. Mumbai is home to several major banks and financial institutions, making it an ideal location for GCCs focused on the **BFSI (Banking, Financial Services, and Insurance)** sector. The city hosts over 375 captive centres, reinforcing its position as a key global outsourcing and innovation destination.

Additionally, the GCC ecosystem in Mumbai and Pune is supported by key policies such as the **Maharashtra IT/ITeS Policy 2023**, introduced by the Maharashtra government. This policy is designed to further strengthen the GCC ecosystem in these cities and encourage global businesses to establish their GCCs in the region.

Fresh Talent Pool



40,000 - 50,000

Top Sector in GCC Leasing



BFSI

Maharashtra IT/ITeS Policy 2023

The introduction of the new IT/ITES Policy 2023 in Maharashtra was driven by positioning the state as a global hub for IT & ITES industries and solidifying its status as India's technology capital. The policymakers aligned this policy with the vision of advancing towards innovative, equitable, inclusive, and sustainable technology development.

Incentive Type	Details
Stamp Duty Exemption	To qualify, entities relocating must invest a minimum of 25% additional fixed capital in IT/ITES.
	New units in Public/Private IT Parks and expansions: Up to 100% exemption.
Power Rationalization Benefit	Reimbursement for retrofitting studies and implementing energy-efficient equipment.
Electricity Duty Exemption	Available for various IT/ITES units based on location and registration status.
Certification Assistance	Reimbursement of certification costs for micro and small-scale IT units.
Market Development Assistance	Reimbursement of exhibition participation fees for approved exhibitions.
Patent-related Assistance	Reimbursement of costs for patent registration.
Power Tariff	IT/ITES units supplied power at industrial rates as per Maharashtra Electricity Regulatory Commission (MERC) orders.
Property Tax	Levied at residential rates for IT/ITES units.

3.7. Pune (Maharashtra)

Pune, located in Maharashtra, is a vibrant and rapidly growing city. It has become a dynamic hub for education, IT, manufacturing, and innovation. Central districts contributing to the Pune Metropolitan Region (PMR) include Pune City, Pimpri-Chinchwad, Haveli, and parts of Talegaon and Baramati, collectively driving industrial and economic development. Pune is one of India's fastest-growing urban centres, with a highly diversified economy.

It is a significant hub for the automotive and manufacturing industries, housing prominent companies like Tata Motors, Bajaj Auto, Mercedes-Benz, and Bharat Forge. The city is also recognised for its strong information technology (IT) and IT-enabled services (ITES) sectors, with major players such as Infosys, Wipro, TCS, and Accenture having a significant presence in IT parks like Hinjewadi IT Park, Magarpatta City, and EON IT Park. Additionally, the city is a growing hub for captive centres focused on Information Technology, Engineering, and Manufacturing. It is home to over 225 GCCs.

Fresh Talent Pool



25,000 - 35,000

Top Sector in GCC Leasing



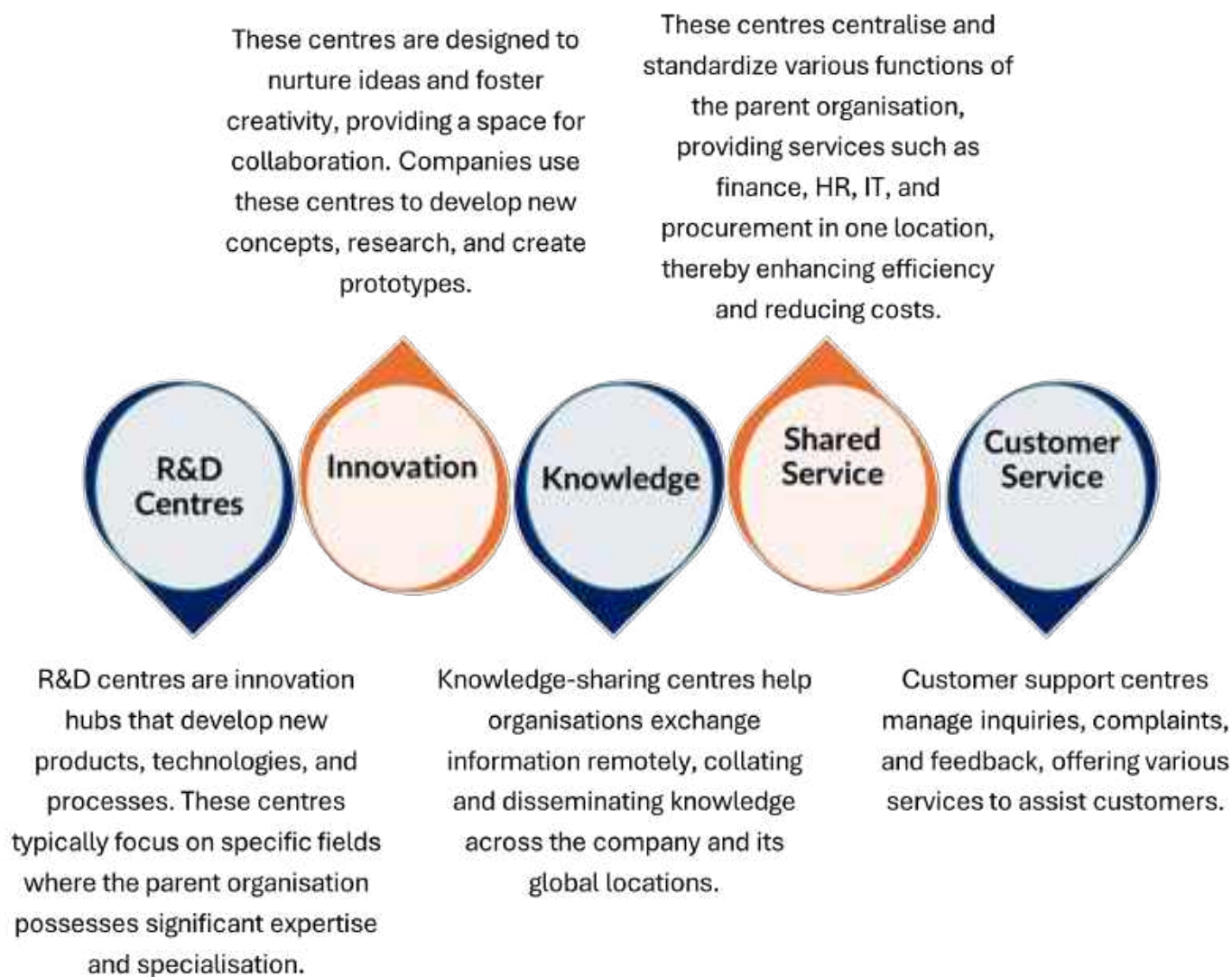
Technology



4. Choosing the Right GCC Setup in India

4.1. What are the various form of Global Capability Centres that can be established?








Global Capability Centres can be categorised into several forms, including:



Selecting the type of global capability centre to establish should be based on your business's specific needs and objectives. Evaluating your options requires considering your organisation's goals, budget, and long-term vision.

4.2. What services you will need to Create your Own GCC in India?

When establishing your Global Capability Centre (GCC), the services you require will depend on the type of centre you aim to set up. It's essential to choose services that align with the specific functions and operations of your GCC. Here are some critical services to consider:

 Legal and Regulatory Compliance	Ensuring your GCC complies with local laws, including employment, tax, and environmental regulations, is crucial. This helps mitigate legal risks and ensures smooth operations.
 Real Estate	Your GCC will need a physical space that's strategically located to accommodate your employees. The space should facilitate collaboration and productivity, making real estate a critical factor.
 Technology Infrastructure	A robust technology setup is vital for smooth communication and collaboration. This includes networking equipment, computer systems, software, and other tools to support daily operations.
 Human Resource	A skilled HR team must manage recruitment, payroll, employee engagement, and well-being. They will play a key role in building a positive workplace culture.
 Financial Support	Your GCC will need financial backing to cover operational costs like rent, utilities, salaries, and other expenses. Proper financial management will ensure sustainability and growth.
 Support Services	Support services like cleaning, maintenance, security, and catering are essential for a productive work environment. These services help ensure employees' well-being and the workspace's proper functioning.
 Transportation and Logistics	Convenient transportation and logistics services are crucial for the smooth movement of people and goods. This makes the location of your GCC more accessible for employees and stakeholders.

By addressing these key service areas, you can build a solid foundation for your GCC, enabling it to function efficiently and effectively.

J P Chawla & Co. LLP

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