GBLOBAL CAPABILITY CENTRES
LANDSCAPE IN INDIA

Policy Note

April 2025

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1 Introduction

Global Capability Centres (GCCs), also known as Captive Centres, are offshore subsidiaries established by multinational corporations (MNCs) to manage a diverse range of business functions. Initially set up to handle support operations such as IT services, research and development (R&D), data analytics, finance, and human resources, these centres have evolved into strategic hubs driving innovation and high-value business processes. Acting as strategic hubs, GCCs are pivotal in driving operational efficiency and cost optimisation across global operations. Their versatility spans industries, offering solutions that enhance agility and scalability.[1]

All statistics and number indicate that 2024 has been another pivotal year for GCCs to further gain evolution and stride towards gaining maturity, showcasing their journey from operational support centres to strategic innovation hubs with an increasing focus on AI, cloud computing, and R&D to enhance capabilities and deliver value beyond cost efficiency.[2] What was seen as just a cost efficient way of carrying businesses, is now being considered a value driven industry with an increasing focus on driving transformation across sectors.
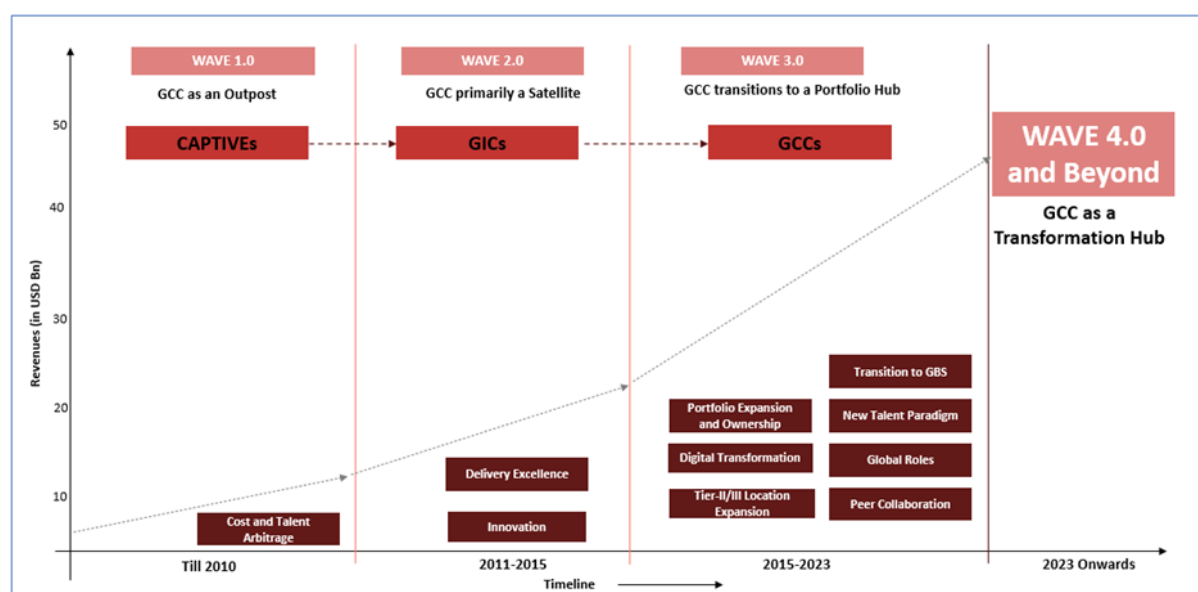

Figure 1: Evolution Growth of GCCs

Source: Nasscom

Till 2010, Global Capability Centres (GCCs) in India primarily functioned as cost-driven captives, supporting their parent organizations in back-office operations such as IT services, customer support, and maintenance. The key advantage of setting up a GCC in India was cost

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[1] **ICICI Direct.** (n.d.). *What are Global Capability Centres?* Retrieved from https://www.icicidirect.com/research/equity/finace/what-are-global-capability-centres.
[2] **Inductus GCC.** (2024). *Annual report 2024: A GCC compendium.* Retrieved from https://inductusgcc.com/wp-content/uploads/2024/12/Annual-Report-2024-A-GCC-Compendium-.pdf.

arbitrage, lower labour costs, real estate expenses, and an abundant talent pool at scale. MNCs viewed India primarily as a destination for efficiency rather than innovation.[3]

However, the early 2010s marked a gradual shift in this perception. As businesses sought to derive greater strategic value, GCCs in India began moving beyond cost optimization. By 2011, many captives transitioned into Global In-House Centres (GICs), emphasizing excellence, digital transformation, and analytics. This phase saw India hosting over 1,000 GICs, employing around 750,000 professionals and generating $19 billion in revenue.[4]

Companies started integrating their India-based GCCs into global operations, making them key players in end-to-end business processes from product development and research to front-office transformation and customer experience management.

A significant inflexion point came in 2015 when the GCC landscape saw rapid expansion and deeper integration into a global strategy. The term GCC, as we recognise it today, emerged during this period. GCCs no longer just support functions; they took on roles in portfolio expansion, emerging global leadership, and digital transformation. They evolved into centres of excellence, fostering peer-to-peer collaboration across geographies and leveraging talent in Tier 2 and Tier 3 cities. The transformation was especially pronounced in industries like Aerospace, Defence, and Semiconductors[5], where GCCs began driving next-generation engineering efforts and technological advancements.

Today, India stands at the cusp of this evolution, with GCCs shifting from cost-centric models to value-driven transformation hubs. They are no longer just optimising processes but actively driving innovation, managing business-critical operations, and accelerating global functions. Companies like J.P. Morgan, which initially set up their India operations for back-office functions, have now expanded to include high-value financial analytics, risk modelling, and technology innovation. Similarly, firms like Bosch and Honeywell have transformed their Indian GCCs into global R&D hubs, developing cutting-edge products and solutions.

This shift is also aligned with broader trends in ESG, inclusivity, and diversity as companies integrate sustainable practices into their operations. Indian GCCs are now multi-functional, domain-specific centres of expertise, significantly enhancing the overall competitiveness and innovation capabilities of their parent organisations on a global scale.

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[3] **India Brand Equity Foundation (IBEF).** (n.d.). *Global capability centres are transforming India's corporate landscape.* Retrieved from https://www.ibef.org/blogs/global-capability-centres-are-transforming-india-s-corporate-landscape.

[4] **NASSCOM.** (n.d.). *Indian GCC industry evolution: From outposts and captives to transformation hubs.* Retrieved from https://community.nasscom.in/communities/gcc/indian-gcc-industry-evolution-outposts-captives-transformation-hubs.

[5] **Zinnov & NASSCOM. (2024).** *India GCC landscape report: The 5-year journey*. Zinnov. https://zinnov.com/centers-of-excellence/zinnov-nasscom-india-gcc-landscape-report-the-5-year-journey-report/

2 Current Market Trajectory

India has firmly established itself as the world's largest hub for Global Capability Centres (GCCs), leveraging its vast talent pool, cost efficiencies, and strong IT infrastructure. India remains at the forefront of providing high-end software development, AI, and cloud-based solutions. With over 1950 GCCs currently operational in the country and a 15% year-on-year growth in global business services, India is positioning itself as a strategic partner for Fortune 500 companies and beyond[6]

The classification of 1950 GCCs in India(Figure 2) highlights a significant dominance of the Americas, particularly the USA, which accounts for 66% of the total centres in India. The EMEA (Europe, Middle East, and Africa) region contributes 27%, with the UK, Germany, France, Switzerland, and the Netherlands being key players. The APAC region holds the smallest share at 7%, with Japan, Singapore, and Australia leading investments.
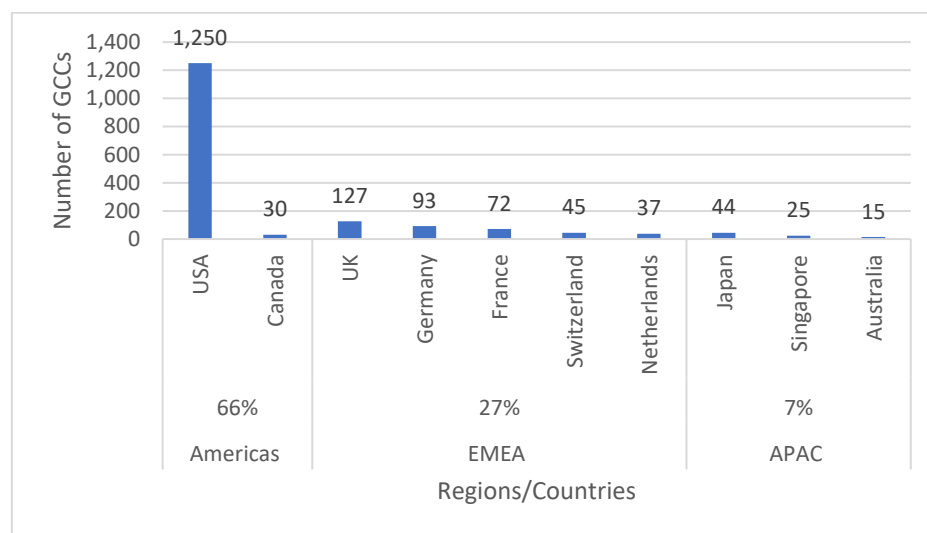

Figure 2: Classification of GCCs by Region and Country of Origin in India

Source: Nasscom

India's talent advantage is evident in the software engineering domain, where it closely follows China. As per the data, China leads with 3.4 million software engineers, with India right behind at 3.3 million, significantly ahead of the 160,000 professionals in the U.S. However, when it comes to AI and ML engineering talent, India lags behind the U.S., with 4,46,000 AI professionals compared to the U.S.'s 7,86,000, though it surpasses China's 4,00,000 AI professionals. (Figure 3)[7]

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[6] **NASSCOM.** (n.d.). *Global capability centres: Powering innovation & job creation.* Retrieved from https://community.nasscom.in/communities/global-capability-centers/global-capability-centres-powering-innovation-job-creation.
[7] **NASSCOM.** (2024). *GCC annual report 2024.* Retrieved from https://community.nasscom.in/communities/global-capability-centers/gcc-annual-report-2024.
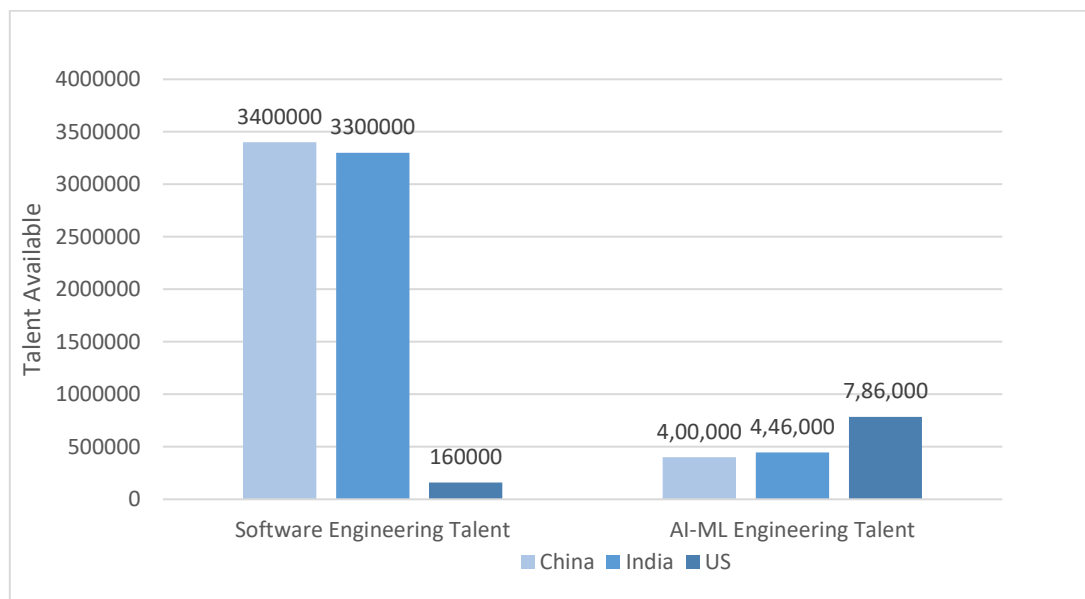
Figure 3: Top countries in engineering talent

Source: Nasscom

This highlights the growing AI expertise in India but also underscores the need for continued investment in upskilling to bridge the gap with the U.S. as Indian employees receive considerably lower salaries, and with India moving from a cost-optimization to value-driven market, it becomes increasingly important to address this gap.

To strengthen this position, GCCs in India have prioritised collaborations with academic institutions to develop future-ready skills in AI, ML, and cloud computing. Many companies have adopted hybrid work models to attract top-tier talent, offering 30% higher salaries for niche roles compared to industry averages.

One of India's biggest advantages in the GCC sector remains its cost efficiency. (Figure 4 and 5) The comparative cost analysis of GCC employees across regions shows that India has one of the lowest average annual costs among major outsourcing destinations. While Eastern Europe, known for its expertise in analytics and cybersecurity, has the highest average GCC employee cost at over $40,000, India's cost remains significantly lower at around $25,000. Latin America and the Philippines, both emerging nearshoring hubs, fall in between but lack India's sheer talent volume. While this may be lucrative for the MNCs, it may be disadvantageous for the Indian professionals who may seek other higher-paying opportunities abroad.
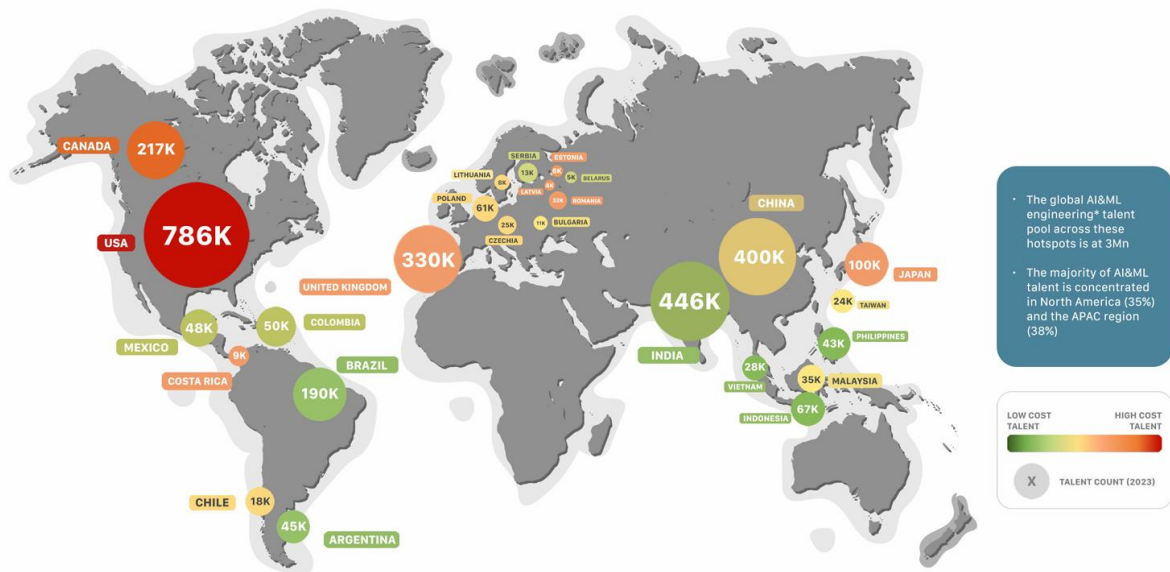
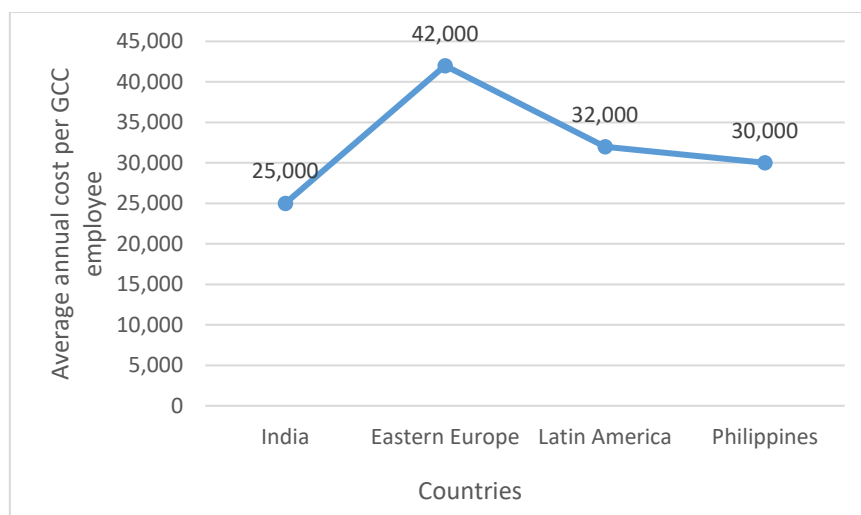**Figure 4: Global AI & ML Engineering Talent Availability and Cost**

Source: Zinov

Figure 5: Region-Wise Cost efficiency: average annual cost per GCC employee

Source: Nasscom

Nonetheless, the cost-benefit equation makes India an attractive destination for global companies looking to establish or expand their GCCs, ensuring not just affordability but also high-quality service delivery. This has driven 70% of Fortune 500 companies to establish their GCCs in India, solidifying its position as a preferred global hub.

While software and technology remain dominant sectors for GCCs in India, significant growth is being seen in retail, healthcare, and BFSI (Banking, Financial Services, and Insurance). Companies such as Chevron and Sanofi have collectively invested $1.4 billion recently to set up or expand their GCCs in India.
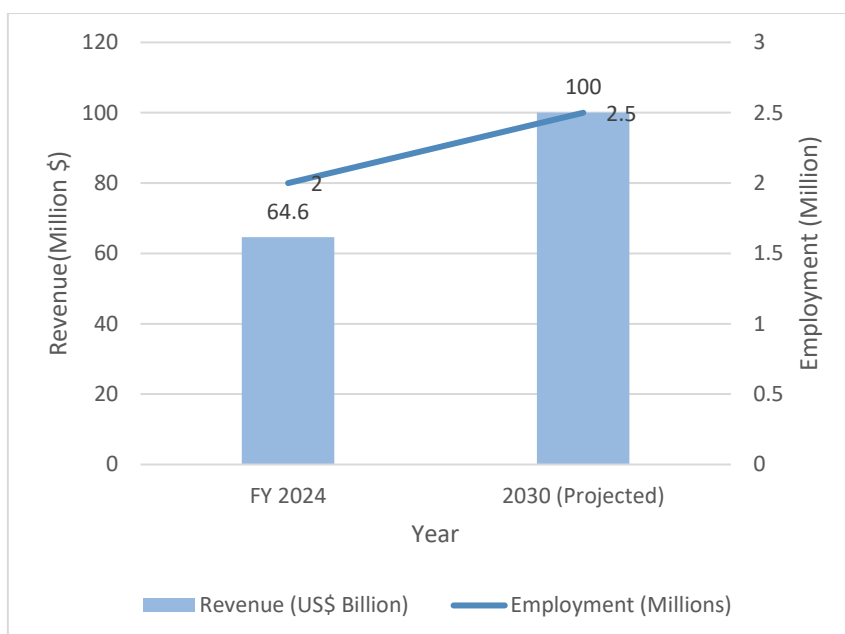
Figure 6: Market Predictions of GCCs

Source: The Economic Times

India's GCC market size is projected to reach $100 billion by 2030, up from $64.6 billion in FY 2024, reflecting a 40% year-on-year growth. The sector currently employs close to 2 million professionals, with estimates suggesting this could surpass 2.5 million by 2030. The increasing demand for AI-driven solutions, coupled with India's growing expertise in cloud computing and data analytics, is likely to propel this expansion.[8]

Comparatively, Eastern Europe focuses more on engineering and product development, while Latin America serves as a nearshore support hub for North America. Despite these regional strengths, India remains unparalleled in terms of its scalability, affordability, and digital expertise.[9]

Moreover, the pie-chart in Figure 7 shows the current distribution of GCCs by sector in India. As we can see, the IT sector has the largest share, followed by financial services and banking, which has 20% of the GCCs. The other sectors have smaller shares, but they also contribute to the GCC growth in India.

The IT sector has been the main driver of the GCC growth in India for a long time. This opens up opportunities for small and medium-sized companies to join this thriving industry and invest in GCCs in India. The second largest sector is the financial services and banking, which is also expanding steadily in India. The other sectors are also part of the GCC growth story in

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[8] **The Economic Times.** (2024). *India's GCC ecosystem set to hit $100 billion by 2030: Report.* Retrieved from https://economictimes.indiatimes.com/tech/technology/indias-gcc-ecosystem-set-to-hit-100-billion-by-2030-report/articleshow/115415387.cms?from=mdr.

[9] **Index.dev.** (n.d.). *India, Latin America, and Eastern Europe: IT outsourcing compared.* Retrieved from https://www.index.dev/blog/india-latin-america-eastern-europe-it-outsourcing.

India, as we can see from their shares. These sectors include manufacturing, consulting, healthcare, and others.[10]
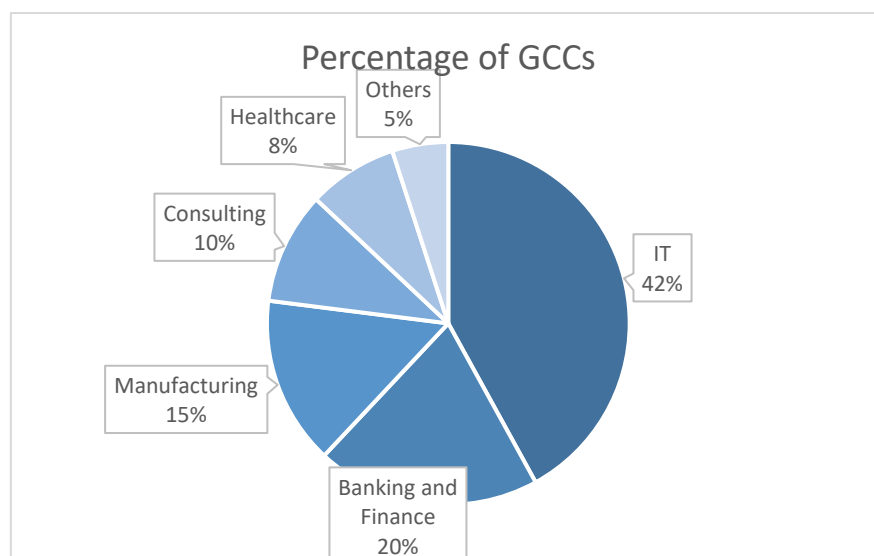

Figure 7: Sector wise distribution of GCCs as of December, 2023

Source: The Economic Times

Additionally, women's leadership roles in Indian GCCs have grown at a 40% CAGR, reflecting an emphasis on inclusive growth and workforce diversity.

3 Initiatives/Policies by Central Government

India does not yet have a dedicated policy for Global Capability Centres (GCCs), but the Ministry of Electronics and Information Technology (MeitY) is actively working on a comprehensive framework to support their expansion. While this initiative signals the government's recognition of GCCs as critical to India's digital economy, the lack of a structured policy so far has meant that much of the current expansion has been led by individual state-level initiatives rather than a cohesive national vision.

Nonetheless, the central government offers a number of fiscal and non-fiscal incentives and initiatives that make it conducive for MNCs to set up in India.

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[10] **Pandey, N. (n.d.).** *Analyzing the growth trajectory of India's global capability centres.* J.S. Held. Retrieved March 18, 2025, from https://www.jsheld.com/insights/articles/analyzing-the-growth-trajectory-of-indias-global-capability-centres

Fiscal incentives include its liberalised foreign direct investment (FDI) policies, allowing 100% FDI in sectors relevant to GCCs, such as IT, banking, financial services, and healthcare, without prior approval in most cases[11].

- No prior approval is required for most sectors under the automatic route.
- Relaxed labor laws in IT parks and GCC hubs enable easier workforce management.
- India's digital infrastructure growth aligns with MNCs' need for secure, scalable, and high-speed networks.

However, some concerns remain regarding the ease of doing business, particularly in regulatory compliance and bureaucratic hurdles.

Moreover, the government is boosting manufacturing through the Production-Linked Incentive Scheme. Although primarily aimed at manufacturing and electronics, the PLI scheme extends benefits to AI-driven and fintech-based GCCs.

- Encourages investment in AI, machine learning, and digital transformation projects.
- Provides cash incentives based on incremental sales of high-tech services.
- Focused on expanding tech-driven GCC capabilities beyond IT into engineering, R&D, and financial services.

Similarly, the Software Technology Parks of India (STPI) initiative supports technology-driven GCCs with duty-free imports of capital goods, indirect tax benefits, and streamlined compliance processes through single-window clearance, reducing bureaucratic delays. The recent reduction in import duties on IT hardware and key technology components is a welcome move, enhancing the ease of setting up operations, but questions remain on whether this measure alone can sustain India's competitive advantage in the face of global supply chain disruptions.

Apart from these, Make in India and Atmanirbhar Bharat initiatives also play a crucial role in positioning India as a global GCC hub. By providing tax benefits and operational incentives, these programs encourage foreign companies to establish and expand their R&D, engineering, and innovation centres in the country. Special Economic Zones (SEZs) offer additional benefits, including income tax exemptions—100% exemption on export profits for the first five years, 50% for the next five, and another 50% on reinvested profits for five more years. However, the long-term effectiveness of SEZ-based incentives has been debated, as many companies often seek policy clarity and consistency over tax breaks alone. Additionally, companies operating within SEZs benefit from exemptions from customs duties on imported equipment and software, as well as GST and service tax benefits.

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[11] **Press Information Bureau (PIB).** (2024). *[Title of the press release, if available].* Retrieved from https://pib.gov.in/PressReleasePage.aspx?PRID=2101785.

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The government aims to provide fresh incentives that encourage the decentralisation of GCCs beyond metropolitan hubs.[12] By creating dedicated office zones in Tier-2 cities, India seeks to address space constraints in Tier-1 locations while fostering innovation in niche areas such as healthcare, finance, and cybersecurity. However, whether these policies will be robust enough to address infrastructure challenges and talent availability in smaller cities remains an open question. The emphasis on long-term talent-building in cutting-edge fields like generative AI and financial intelligence is commendable, but its effectiveness will depend on the implementation and alignment with industry needs.

Yet, despite these advantages, there remains a need to modernise India's industrial policies to ensure sustained investor confidence, particularly as emerging competitors in Southeast Asia offer equally attractive incentives.[13]

While policy reforms and financial incentives are key drivers of GCC growth, the government is also investing in education and workforce development to ensure a steady supply of job-ready talent. University curricula are being revamped to include emerging technologies such as AI, 5G, and semiconductor design in alignment with the National Education Policy (NEP) 2020. However, while this move aligns well with industry requirements, questions remain about the speed of implementation and the actual preparedness of students entering the job market.

 Additionally, the government's focus on cybersecurity through the National Cybersecurity Reference Framework (NCRF) and the Digital Personal Data Protection (DPDP) Act, 2023 provides a secure operating environment for GCCs, reinforcing confidence among international companies. Yet, India's broader cybersecurity landscape still faces challenges in enforcement and infrastructure resilience, raising concerns about data protection and compliance with international standards.

By combining progressive policy initiatives, financial incentives, and strategic investments in digital infrastructure and talent development, India is steadily positioning itself as a preferred destination for GCCs. However, while the government's proactive measures foster economic growth and global confidence, several challenges remain. A clearer regulatory framework, faster policy implementation, and better alignment with industry needs will determine whether India can fully capitalize on its potential as a global GCC hub. The effectiveness of these policies will ultimately depend on how well they are executed, as attracting investments alone is not enough—sustaining them in the long run will require deeper structural reforms.

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[12] **India Briefing.** (2024). *India working on new GCC policy to tap sector growth with fresh incentives.* Retrieved from https://www.india-briefing.com/news/india-working-on-new-gcc-policy-to-tap-sector-growth-with-fresh-incentives-35447.html.

[13] **Supersourcing.** (n.d.). *Government support and incentives for GCCs in India.* Retrieved from https://supersourcing.com/blog/government-support-and-incentives-for-gccs-in-india/.

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4 States/Regional Analysis

A state-wise analysis of the GCC ecosystem shows a regional disparity with the concentration of GCCs in Tier-1 cities. At present, Bengaluru, Hyderabad, Chennai, Mumbai, Pune, and Delhi NCR are the major focus areas for setting up GCCs in India(Figure 5). However, there has been a growing trend observed in the number of GCCs set up in tier-2 cities, such as Jaipur, Visakhapatnam, Kochi, Vadodara, Hubli, Coimbatore and Chandigarh, owing to favourable state policies, improving infrastructure, and affordable real estate and talent acquisition costs. For instance, Jaipur attracted key investments due to its growing infrastructure and favourable policies.[14]
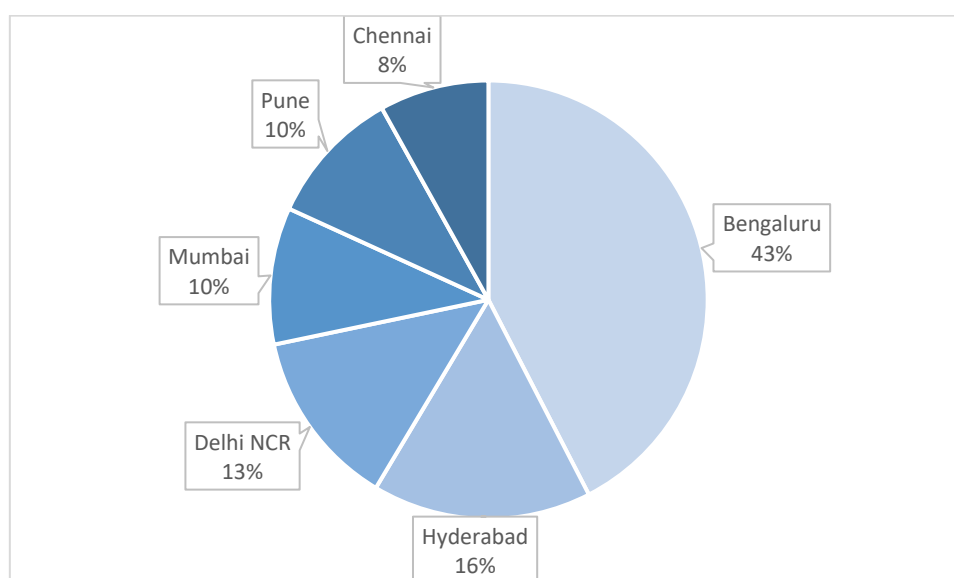

Figure 8: Concentration of Major GCCs

Source: JLL

This growing trend in GCCs has been aided by the policy intervention by different states which have introduced state-specific policies to attract and support Global Capability Centers (GCCs). These policies focus on financial incentives, infrastructure development, and talent growth, making certain regions more attractive to multinational companies. A policy brief of several states has been illustrated below.

4.1 Madhya Pradesh

Madhya Pradesh's Global Capability Centre (GCC) policy[15] is driven by a strategic vision to position the state as a leading hub for global business services, leveraging its growing digital infrastructure and economic potential. The state's mission focuses on fostering an

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[14] **India Briefing.** (2024). *India working on new GCC policy to tap sector growth with fresh incentives.* Retrieved from https://www.india-briefing.com/news/india-working-on-new-gcc-policy-to-tap-sector-growth-with-fresh-incentives-35447.html.

[15] **Government of Madhya Pradesh.** (2025). *Madhya Pradesh GCC policy 2025.* Retrieved from https://invest.mp.gov.in/wp-content/uploads/2025/02/GCC-Policy-2025.pdf.

innovation-driven ecosystem that attracts multinational corporations, strengthens the IT and business process outsourcing (BPO) sectors, and enhances employment opportunities. With a commitment to developing a resilient and future-ready business environment, Madhya Pradesh aims to align its policy framework with global investment trends while ensuring sustainable growth and long-term economic benefits.

To achieve this vision, the policy outlines a multi-faceted approach that includes the development of high-quality infrastructure, investment-friendly regulations, and targeted incentives for GCCs. The state offers a combination of fiscal and non-fiscal incentives such as tax exemptions of up to 50% for eligible enterprises, subsidies covering up to 30% of operational costs, and relaxed regulatory frameworks to facilitate seamless business operations.

Figure 9: Sectoral Focus of MP's GCC Policy

Source: MP GCC Policy

Additionally, Madhya Pradesh is investing in skill development programs and academic collaborations, with plans to train over 100,000 professionals in advanced IT and business skills over the next five years. The policy also emphasises a robust digital infrastructure, with investments exceeding ₹5,000 crore in technology parks designed to support knowledge-driven enterprises, creating an ecosystem conducive to the establishment and growth of GCCs.

The unique proposition of Madhya Pradesh lies in its cost-effectiveness, availability of a skilled yet affordable workforce, and its strategic central location, which ensures connectivity with major commercial hubs across India. The state boasts a 40% lower cost of operations compared to metropolitan regions, making it a highly attractive option for businesses seeking scalability and efficiency. Unlike other metropolitan states that face saturation and high operational costs, Madhya Pradesh presents a viable alternative for businesses. The

state's strong focus on fostering innovation through 10+ technology incubators, research collaborations with leading institutions, and favourable business policies further enhances its attractiveness as a GCC destination. With a proactive governance model and sustained efforts to streamline administrative processes, Madhya Pradesh is positioning itself as an emerging powerhouse for global capability centres, offering a balanced mix of cost benefits, talent availability, and a pro-business regulatory environment.

4.2 Karnataka

Karnataka's Global Capability Centre (GCC) policy[16] is driven by a vision to reinforce its position as India's leading hub for global business services, innovation, and technology. The state aims to expand its GCC ecosystem to accommodate over 1,000 GCCs by 2029, generating an economic output of $50 billion and creating 350,000 new jobs. Karnataka's mission focuses on fostering an ecosystem that integrates advanced research, a strong digital infrastructure, and talent development to attract multinational corporations and drive economic growth. With Bengaluru already home to over 30% of India's GCCs and accounting for 35% of the national GCC workforce, the policy is designed to further enhance the state's reputation as India's innovation capital.
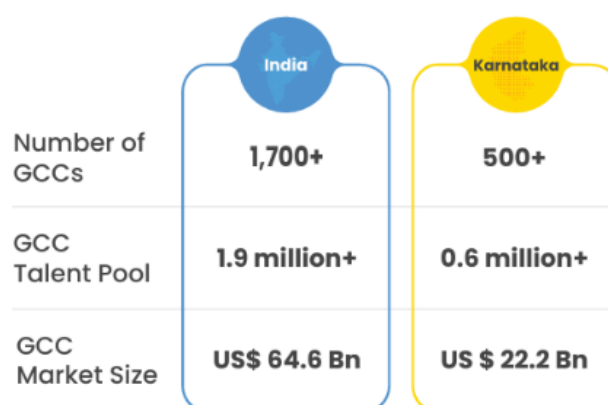

	India	Karnataka
Number of GCCs	1,700+	500+
GCC Talent Pool	1.9 million+	0.6 million+
GCC Market Size	US$ 64.6 Bn	US $ 22.2 Bn

Figure 10: Comparison of India and Karnataka's contribution to GCCs.

Source: Karnataka IT & GCC policy

To achieve this, Karnataka offers a multi-tiered approach comprising fiscal and non-fiscal incentives, infrastructure development, and a streamlined regulatory framework.

Category	Incentives/Support	Limits/Caps
Investment Attracted (2019-2024)	$51.03 billion in FDI	Reinforces investment-friendly climate
Infrastructure Support	Rental reimbursements for GCCs in Beyond Bengaluru	Up to ₹2 crore

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[16] **Government of Karnataka.** (2024). *Karnataka IT & GCC policy (2024).* Retrieved from https://eitbt.karnataka.gov.in/it/public/uploads/media_to_upload1733219682.pdf.

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Internship Support	Reimbursement on internship stipends	50% for 100,000 candidates over the policy period
Centre of Excellence (CoE) Support	Funding for establishing CoEs	Up to ₹5 crore
Skill Development Initiatives	Training programs for professionals	1 lakh professionals
Academic Partnerships	Collaboration with leading institutions	Strengthening the talent pipeline
AI-Led Transformation	Establishment of AI/ML-enabled GCCs	Over 500 centres
AI Skilling Council	Specialised workforce development	Focused on AI/ML expertise

Karnataka's unique proposition lies in its unmatched talent pool, world-class infrastructure, and dynamic startup ecosystem. Bengaluru, known as India's 'Unicorn Capital,' hosts 40% of the country's unicorn startups and is home to 18,000+ active startups. The state's diversified GCC presence spans IT, BFSI, healthcare, and manufacturing, with 33% of India's BFSI GCCs and 31% of healthcare GCCs operating in Karnataka. Additionally, Bengaluru's commercial real estate market has grown twofold in the past decade, reaching over 223 million square feet, ensuring rapid scalability for businesses. With a proactive government, dedicated GCC support units, and high-quality infrastructure, Karnataka remains the most attractive destination for GCCs in India, solidifying its position as the leader in innovation-driven global business services.

4.3 Uttar Pradesh

Uttar Pradesh's Global Capability Centre (GCC) policy[17] is designed to position the state as a competitive destination for global business services by leveraging its strategic location, abundant talent pool, and extensive infrastructure development. The state envisions attracting over 1,000 new GCCs by 2029, generating more than 500,000 jobs and fostering an innovation-driven ecosystem. Uttar Pradesh aims to become a hub for high-value digital services, research and development (R&D), and emerging technologies such as artificial intelligence, cybersecurity, and data analytics. With its focus on ease of doing business, cost competitiveness, and technology-led growth, the state is making significant efforts to align with global investment trends and provide a conducive environment for multinational corporations.

To achieve these goals, Uttar Pradesh has introduced a comprehensive set of fiscal and non-fiscal incentives. The state has invested ₹5.31 lakh crore in infrastructure CAPEX, making it the highest in India. It offers capital subsidies of up to ₹25 crore for advanced GCCs and

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[17] **Government of Uttar Pradesh.** (2024). *Draft Uttar Pradesh GCC policy (2024).* Retrieved from https://invest.up.gov.in/wp-content/uploads/2024/09/Draft-UP-GCC_280924.pdf.

front-end land subsidies ranging from 30% in Noida and Ghaziabad to 50% in Bundelkhand and Purvanchal regions.

Moreover, the policy includes operational expense subsidies covering up to ₹80 crore per annum for large GCCs over five years. The state also promotes skill development through a ₹50,000 per employee training subsidy and reimburses 50% of internship stipends, capped at ₹5,000 per student per month. To further support businesses, Uttar Pradesh provides a 100% exemption on stamp duty for office space acquisitions and offers payroll subsidies of up to ₹1.8 lakh per annum for employees from underrepresented communities. The policy also includes incentives for R&D, offering up to ₹10 lakh for international patent filings and ₹2 crore annually for proof-of-concept collaborations with startups.
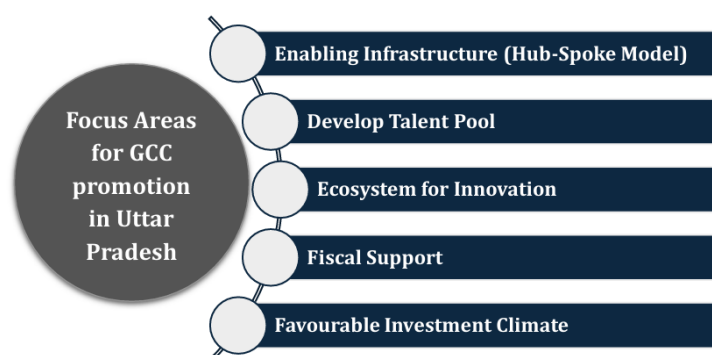

Figure 11: Focus Areas for GCC promotion in Uttar Pradesh

Source : Uttar Pradesh Global Capability Centres Policy 2024

Uttar Pradesh's unique proposition lies in its vast workforce, low operational costs, and rapidly growing technology ecosystem. With 12.75 lakh graduates annually and 74.77% employability in the 22-25 age group, the state provides an abundant talent supply. It hosts 8,375 higher education institutes, 72+ universities, and over 3,000 Industrial Training Institutes (ITIs), ensuring a continuous pipeline of skilled professionals. Noida has already emerged as a GCC hub, housing major players like Samsung, HCL, TCS, Infosys, and Microsoft. The state's infrastructure includes 40+ IT parks, 25 Special Economic Zones (SEZs), and a 1,000-acre semiconductor park near Jewar International Airport.

Additionally, Uttar Pradesh boasts 13,299 registered startups, ranking fourth in India, with plans to fund 100,000 youth annually to support the startup ecosystem. By fostering a business-friendly environment, investing in infrastructure, and providing substantial incentives, Uttar Pradesh is positioning itself as a rising leader in the GCC sector, offering a strategic alternative to traditional metropolitan hubs.

4.4 Andhra Pradesh

Andhra Pradesh's Global Capability Centre (GCC) policy[18] is crafted to establish the state as a powerhouse for IT and business services, blending cost efficiency with cutting-edge infrastructure. With a vision to attract Fortune 500 companies and leading GCC players, the state aims to create a knowledge-driven economy that thrives on innovation and technological advancements. By 2029, Andhra Pradesh targets the establishment of over 500 new GCCs, generating 300,000+ direct jobs and significantly contributing to the digital economy. The policy focuses on leveraging Visakhapatnam as the primary IT hub while enabling remote work opportunities across the state, ensuring that both urban and rural populations benefit from this transformation

To bring this vision to life, Andhra Pradesh has introduced a dynamic mix of fiscal incentives, infrastructure enhancements, and regulatory support.

Category	Incentives/Support	Limits/Caps
Investment Target	₹10,000 crore in GCC-related investments	—
CAPEX Subsidies	- 30% of IT infrastructure costs	Capped at ₹200 crore for mega projects
	- 20% of building expenditures	
Capital Subsidies	- 50% of infrastructure costs	₹2,000 per sq. ft. for IT campuses, ₹1,000 per sq. ft. for co-working spaces
Operational Cost Subsidies	Up to ₹40 crore per annum for five years	Covers bandwidth, cloud rentals, power tariffs
Employment Incentives	- ₹60,000 per female employee	One-time support
	- ₹50,000 per male employee	
EPF Contribution Reimbursement	- 100% for female employees	For five years
	- 75% for male employees	For five years
Interest Subsidy	7% on term loans	Up to ₹1 crore per annum
Electricity Duty Exemption	Exemption from electricity duty	—
Incentives for Large GCCs	Tailor-made incentive packages for firms with over 2,000 seats	Includes subsidised land rates & ₹1 per unit power tariff discount for five years
Workforce Development	- Six-month salary reimbursement for hires	₹3,00,000 per experienced hire, ₹1,50,000 per fresh graduate from Andhra Pradesh institutions

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[18] **Government of Andhra Pradesh.** (2024). *Andhra Pradesh IT & GCC policy (4.0) 2024–2029.* Retrieved from https://apedb.ap.gov.in/assets/pdf/AP%20IT%20&%20GCC%20Policy%20(4%200)%202024-2029_%20G%20O%20MS%20No.9,%20dt%2012%2012%202024%20(1).pdf.

| Hybrid & Remote Work Support | Subsidies for neighbourhood workspaces & co-working hubs | Supports integration into the global digital economy |

What sets Andhra Pradesh apart is its blend of cost efficiency, high-calibre talent, and a strategic coastal location. The state is home to 3 central universities, 25 autonomous institutions, and over 5,000 engineering graduates annually, making it a reservoir of skilled professionals. Visakhapatnam, ranked among India's top cities for ease of living, is rapidly emerging as a preferred IT destination, thanks to its modern infrastructure, strong connectivity, and affordable operational costs, up to 30% lower than metropolitan hubs. The government's forward-looking approach includes the establishment of the Ratan Tata Innovation Hub, designed to foster deep-tech entrepreneurship, AI research, and advanced analytics.

With its focus on flexible work culture, robust policy backing, and a rapidly growing ecosystem, Andhra Pradesh is positioning itself as the next big destination for Global Capability Centres, offering companies the perfect mix of innovation, talent, and affordability.

4.5 Gujarat

Gujarat's Global Capability Centre (GCC) policy[19] is strategically designed to establish the state as a premier hub for high-value business services, leveraging its industrial strength, digital infrastructure, and progressive policies. With a vision to attract at least 250 new GCCs by 2030 and generate over 50,000 direct jobs, Gujarat aims to position itself as a leading player in the global GCC landscape.

The state's robust economic foundation—contributing 8.3% to India's GDP, 18% to the country's industrial output, and 31% to national exports, provides a fertile ground for corporate expansion. Through targeted investments in financial services, AI-driven innovation, and cutting-edge digital transformation, Gujarat seeks to integrate seamlessly into the global digital economy while aligning with India's Viksit Bharat @2047 vision.

To achieve this, Gujarat offers an attractive mix of fiscal incentives, infrastructural support, and regulatory ease given in the table below:

Category	Incentives/Support	Limits/Caps
Investment Target	₹10,000 crore in GCC-related investments	—
CAPEX Subsidies	- 30% of IT infrastructure costs	Capped at ₹200 crore for mega projects
	- 20% of building expenditures	

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[19] **Government of Gujarat.** (n.d.). *Gujarat Global Capability Center.* Retrieved from https://dst.gujarat.gov.in/Home/GujaratGlobalCapabilityCenter.

Operational Cost Subsidies	Up to ₹40 crore per annum for five years	Covers bandwidth, cloud rentals, power tariffs
Employment Incentives	- ₹60,000 per female employee	One-time support
	- ₹50,000 per male employee	
EPF Contribution Reimbursement	- 100% for female employees	For five years
	- 75% for male employees	For five years
Interest Subsidy	7% on term loans	Up to ₹1 crore per annum
Electricity Duty Exemption	Exemption from electricity duty	—

Gujarat's unique proposition lies in its seamless integration of business-friendly governance, advanced infrastructure, and a thriving IT and industrial ecosystem. The state is home to GIFT City, India's first International Financial Services Centre (IFSC), and 200+ industrial estates, creating a conducive environment for global enterprises. With a per capita income 1.7 times higher than the national average and a rapidly urbanising population projected to reach 70% by 2047, Gujarat offers a high standard of living and business efficiency. The state produces over 32,000 IT graduates annually from premier institutions such as IIM-A, IIT-G, and NIT-Surat, ensuring a steady pipeline of skilled talent. Ahmedabad and Vadodara already host 17% and 12% of the state's existing GCCs, respectively, with planned expansions into Tier 2 and 3 cities. By combining innovation-driven policies with strong infrastructural backing, Gujarat is set to become a global powerhouse for GCCs, providing enterprises with the ideal ecosystem for scaling operations, optimising talent, and driving technological advancements.

Apart from these states, several other states like Maharashtra, Telangana, Haryana and Delhi NCR region also serve as an attractive destination for MNSCs to set up GCCs. Maharashtra is particularly working on its draft GCC policy and Telangana, a leading GCC hub actively supports foreign investment and corporate expansion. Telangana's IT and GCC policies focus on ease of doing business, tax breaks, and digital infrastructure growth. Tamil Nadu also offers strong governmental support to GCCs that encourage IT and R&D expansion with Employment-linked Incentives, Infrastructure Investments and Green Energy Initiatives.

Despite a strong presence of GCCs in some tier 1 states and regions, there is a strong need for all states' governments to come up with policies and incentives to leverage the advantages of India in setting up of GCCs.

5 Challenges

The rapid expansion of GCCs in India has brought several challenges that need to be addressed to sustain growth and efficiency. Primarily, a hurdle which India faces is fragmented policy framework and a lack of policy intervention at national government and states governments apart from a few. While state-specific policies offer tailored incentives, they can create inconsistencies and complexities compared to streamlined and centralised systems in countries like Ireland and Singapore.

Apart from policy, another major issue is the talent shortage. Despite India producing over 1.5 million engineering graduates annually, over 50% of GCCs report difficulties in hiring skilled professionals, highlighting a mismatch between industry needs and academic output. Tier 2 cities, while becoming attractive destinations for GCCs, often struggle with a limited talent pool for specialised roles, leading to higher recruitment and training costs.[20]

Infrastructure gaps also pose a hurdle, as the availability of high-quality digital infrastructure and office spaces in Tier 2 & 3 cities remains limited. Although real estate development is gaining momentum, significant improvements are expected only in the coming years.

Additionally, navigating regulatory complexities remains a challenge, as businesses must comply with state-specific regulations and tax structures. Delays in obtaining permits and approvals can slow down GCC expansion plans.

The sector also faces high attrition rates, particularly in IT and analytics roles, as companies compete to retain top talent with attractive packages. Cybersecurity threats are another growing concern, given the increasing reliance on cloud-based operations and data analytics. The 2024 Cisco Cybersecurity Readiness Index revealed that only 4% of Indian companies are at a 'mature' stage of cybersecurity readiness, while 59% remain in 'beginner' or 'formative' stages.[21]

Further risks stem from geopolitical and economic uncertainties, which can impact investment flows and operational stability. Data privacy and compliance requirements are also becoming more stringent, necessitating continuous regulatory adaptation. Moreover, rapid expansion can strain resources and dilute organisational culture, making it crucial for companies to strike a balance between growth and sustainability. Addressing these challenges will be key to ensuring the long-term success of the GCC ecosystem in India.

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[20] **NASSCOM.** (n.d.). *GCCs in India: Building resilience & sustainable growth.* Retrieved from https://community.nasscom.in/communities/gcc/gccs-india-building-resilience-sustainable-growth.
[21] **Business Standard.** (2024). *Only 4% of firms in India have maturity to tackle cyber threats: Cisco.* Retrieved from https://www.business-standard.com/industry/news/only-4-of-firms-in-india-have-maturity-to-tackle-cyber-threats-cisco-124032800634_1.html.

6 Conclusion and Way Forward.

India's Global Capability Centres (GCCs) sector is at a pivotal juncture, evolving beyond cost arbitrage to becoming strategic hubs for global enterprises. With a projected workforce of 2.2 million by 2026 and an estimated market size of $100 billion by 2030, the sector is set to play a transformative role in the country's digital economy. However, realising its full potential requires a concerted effort from policymakers, industry leaders, and academia. At this point, India should portray itself as a value-driven market for GCC and not just an optimal one driving innovation and change. With lower salaries and high abundance of talent, India should look for ways to tap into this market to drive balanced growth across India,

One of the critical areas for intervention is policy standardisation at the national level. While state governments have introduced localised incentives, the absence of a dedicated central policy creates inconsistencies in expansion strategies. A comprehensive GCC policy should be developed by the Ministry of Electronics and Information Technology (MeitY) to provide clear tax benefits, streamlined regulatory approvals, and structured incentives for setting up operations in Tier-2 and Tier-3 cities. Decentralizing GCC operations will not only reduce the burden on Tier-1 cities but also unlock employment opportunities in emerging regions, fostering more balanced economic growth.

Investment in skill development is another crucial component for sustaining growth. Despite India's large talent pool, there remains a gap between industry requirements and workforce readiness. Nationwide upskilling programs in AI, automation, and cybersecurity, combined with academia-industry collaborations, can bridge this divide. The government should incentivize companies that invest in structured learning initiatives, ensuring that the workforce remains competitive in high-value digital services.

Infrastructure development must also align with the expansion of GCCs into new regions. Dedicated business districts with world-class digital infrastructure, high-speed internet, and integrated workspaces will make non-metropolitan areas attractive investment destinations.

Additionally, regulatory simplifications, including single-window clearances and reduced bureaucratic hurdles, will enhance the ease of doing business for multinational firms.

Cybersecurity and data protection are increasingly becoming focal points for GCCs as they handle sensitive global operations. While India has taken steps to strengthen its cybersecurity framework, further alignment with global standards, stricter enforcement of the Digital Personal Data Protection (DPDP) Act, and proactive investment in digital security infrastructure will be critical in maintaining investor confidence.

Looking ahead, India's GCC sector is well-positioned to lead in AI, fintech, and next-gen digital transformation. By focusing on policy coherence, skill development, infrastructure expansion, and data security, the country can sustain its competitive edge and emerge as a

global leader in high-value GCC operations. The next phase of growth will not only contribute to India's economic aspirations but also reinforce its position as a strategic partner in the global innovation ecosystem

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