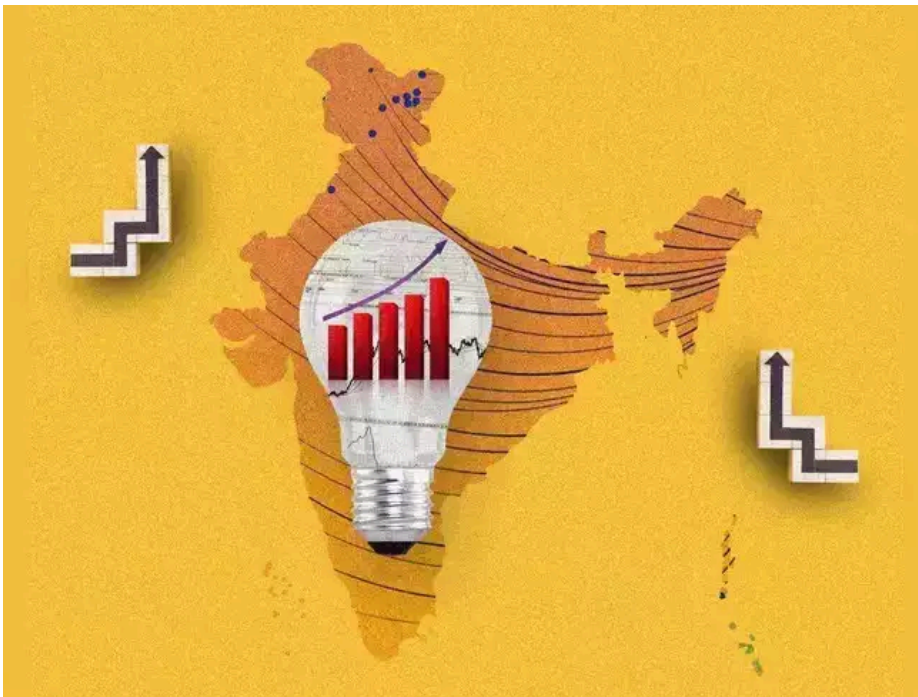


Race for GCCs now in heightened state(s)

By Beena Parmar, ETtech | Last Updated: Dec 09, 2024, 10:13:00 AM IST

Synopsis

Several Indian states are vying to attract global capability centres (GCCs) by offering incentives and developing infrastructure. Uttar Pradesh, Madhya Pradesh, Telangana, and Andhra Pradesh are drafting policies to compete with established hubs like Bengaluru and NCR. These states aim to leverage their strategic locations, young workforce, and emerging sectors like AI and cybersecurity to draw multinational investment.



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With companies planning to establish more [global capability centres](#) (GCCs) in India, states are eager to grab a piece of the action. Madhya Pradesh, Uttar Pradesh, Telangana and Andhra Pradesh are among those drafting their own [GCC policies](#) to attract multinationals with incentives to create back-office hubs outside the traditional hot spots of Bengaluru and the National Capital Region.

Downstream sectors

In August, Madhya Pradesh chief minister Mohan Yadav travelled to Bengaluru to meet industry leaders to showcase the state and discuss expansion plans. He also extended invitations for Regional Investor Conclaves across the state as well as the Global Investors Summit 2025 in February, said people aware of the matter.

Uttar Pradesh has already drafted a policy that highlights its “strategic location, young workforce, and rapidly developing infrastructure, (which) is well-positioned to benefit from this growth.” The state aims to attract GCCs “by focusing on infrastructure development, talent enhancement, and financial incentives.”

It’s also promoting Centres of Excellence (CoEs) in emerging fields such as artificial intelligence (AI) and cybersecurity, according to the [Uttar Pradesh Global Capability Centres Policy 2024](#) draft document. The state says it could become a hotspot for downstream GCC sectors, including software and technology, BFSI (banking, financial services & insurance), semiconductors, healthcare, and medical devices. The state can also tap into emerging sectors such as AI, data analytics and digital engineering, it added.


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Capability Check

Over 1,700 GCCs, employ **1.9 M** | **47%** GCCs in Bengaluru, NCR

K'taka targets doubling GCCs by 2029



NEWER HUBS: Kolkata, Jaipur, Vizag, Thiruvananthapuram, Coimbatore



Downstream sectors can operate independently of economies of scale and can be established anywhere with an efficient workforce, quality infrastructure, and business-friendly governance. Upstream sectors, on the other hand, are highly specialised and knowledge-intensive, requiring a pre-existing ecosystem of industrial agglomeration for growth, such as artificial intelligence, cloud computing, quantum computing, deep-tech, and robotics.

Gujarat is highlighting the Gujarat International Finance Tec-City (GIFT City), currently the only international financial service centre (IFSC) in India, to draw investment. In October, the state government made reforms to the state's information technology (IT) and IT-enabled services (ITes) policies, announcing incentives for Global In-House Centres (GIC), GCCs and research and development (R&D) in the sector.

"State governments are inviting stakeholders including the companies with existing GCCs, recruitment and talent firms and other industry experts to participate in roundtable sessions on GCCs exploring newer ideas to get the offshore firms to look beyond the traditional cities of Bengaluru, Hyderabad and Chennai," an expert told ET.

Expanding incentives

[Earlier this year](#), Tamil Nadu proposed incentives in its budget for high-paying job creation in new GCCs by providing a payroll subsidy.

The Madhya Pradesh, Andhra Pradesh, Uttar Pradesh and Telangana governments did not respond to emailed queries.

Bengaluru continues to lead in GCCs followed by the National Capital Region (NCR), Hyderabad, Pune and Mumbai, according to Nasscom's September report with technology consultancy firm Zinnov. Bengaluru and NCR alone account for 47% of India's GCCs.

Last month, Karnataka unveiled its own state policy that incentivises GCCs to expand to other cities in the state such as Mysuru, Mangaluru, Shivamogga and Hubballi-Dharwad. It targets to double GCCs with 500 new ones by 2029, creating 350,00 jobs and generating \$50 billion revenue, up from the current \$22.2 billion, nearly 35% of the total.

India leads in GCCs with over 1,700 of them, accounting for 17% of the global tally, employing 1.9 million people. GCCs in India have surged 60% in the last five years contributing an estimated \$64.6 billion to the country's GDP. Nasscom estimates this will hit \$100 billion by 2030.

"The strategic placement of GCCs in regions with government incentives can boost significant growth and also reduce costs," an expert said. "Further, cities with adequate commercial and residential infrastructure can support high efficiency and productivity both in terms of operations and getting the right talent."

Despite GCCs expanding to tier 2 and 3 locations, most of the activity is concentrated in the large metro cities, said Rohitashwa Aggarwal, partner at Everest Group.

"Bengaluru, Delhi NCR, Hyderabad, Chennai, Mumbai and Navi Mumbai, Pune comprise 90%-plus of the GCC market share," she said. "The hiring from areas surrounding these large cities is increasing. From the perspective of fresh talent, talent remains fairly mobile in India and young graduates are being hired all over the country and moved to some of these cities."

As service providers enter such areas, some GCCs are following, establishing hubs in Kolkata, Jaipur, Vizag, Thiruvananthapuram and elsewhere, even though this is still less than one-tenth of the overall market, she said.