



Article

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GCC Series | Legal Support for Global Capability Centres in India

From Setup to Scale: How Law Firms Can Support MNCs / GCCs

In this series, we examined the structural models for establishing a Global Capability Centre ("GCC") in India, the tax implications for each model, and how state governments have tailored incentives to attract GCCs. This article addresses what is perhaps the most underestimated challenge: how to get a GCC off the ground, and how to keep it running well.

Not all MNCs setting up GCCs in India have experience of the Indian legal and regulatory landscape. Understandably, they tend to move quickly, but speed without structure can be expensive. Errors made at the outset compound over time. Once a GCC is operational, its in-house legal function is rarely resourced to handle the full breadth of matters resulting in gaps in contract management, inconsistent handling of employment issues, regulatory updates that slip through, and poorly documented IP. A law firm that understands GCCs can function as a genuine partner, helping build the legal infrastructure needed to handle matters at scale.

Part I: Setting Up a GCC — Where MNCs Tend to Flounder

1. Structuring from an exchange control and tax perspective

India's foreign exchange regulations govern how foreign investment flows into India. As discussed in this GCC series, there are several models for establishing and operating a GCC in India, each with different cost structures, tax implications, and levels of control. The choice of model affects Indian entity's income tax exposure, transfer pricing obligations, permanent establishment risk, and GST treatment. Law firms can advise on the most suitable structure, and a well-considered structure can help avoid restructuring down the line.

2. Establishing the Indian entity

For most GCCs this means incorporating a private limited company. A GCC's charter documents typically need provisions dealing with the relationship between the Indian entity and the foreign parent, share transfer restrictions, and decision-making thresholds. MNCs that use standard templates often find their governance documents do not reflect how the entity operates. Structured advice on incorporation, and critically on the charter documents, is critical.

3. Registrations, licences, and office space

A newly incorporated entity needs a range of registrations before it can begin operations, including PAN, TAN, GST, Shops and Establishments, Professional Tax, and PF and ESI registrations. Delays in this process hold up hiring and commencement of operations. Depending on GCC's activities, additional licences may be required, for example under the STPI scheme or state IT or ITES policies.

Most GCCs occupy commercial premises under lease and licence or lease agreements. Standard landlord forms are heavily one-sided, and GCCs negotiating their first India premises often accept terms they would not accept elsewhere like high deposits, onerous lock-in periods, inflexibility to sub-licence to group companies, and difficult exit provisions. Stamp duty costs, which vary by state are also frequently underestimated.

4. Contracts and intercompany arrangements

The GCC will need contracts with IT providers, facility managers, recruitment agencies, and professional service firms. More importantly, it will need services agreements with the foreign parent / group companies. These are important documents for the GCC as they define the scope of services, pricing methodology, IP ownership and licensing, and the framework within which the relationship operates. They must also be consistent with the transfer pricing position as inconsistency between the contract and the transfer pricing documentation is one of the first things a tax authority will identify in an audit.

5. State policy benefits

State governments offer a range of incentives to GCCs, including capital expenditure subsidies, electricity duty exemptions, stamp duty concessions, and training reimbursements. These benefits are not automatic and require applications to state authorities. MNCs that do not engage with this process risk leaving significant value on the table. For example, stamp duty concessions must be applied for before the relevant documents are executed.

Part II: Ongoing Legal Support — Building the Infrastructure for Scale

Once a GCC is operational, its legal needs diversify. A GCC managing multiple contracts, a significant workforce, ongoing regulatory obligations, and cross-border data cannot rely solely on a lean in-house team. The areas below reflect where ongoing law firm support adds the most value.

1. Legal processes and regulatory updates

A scaling GCC needs legal processes that scale with it like a contract management framework, an authority matrix defining who can approve certain clauses, and a compliance calendar with clear ownership. GCCs with well-designed legal processes handle crises more effectively, and the cost of building a process is lower than the cost of responding to crises.

India's legal landscape changes frequently. The labour codes that came into effect in November 2025 have materially changed the employment framework. The Digital Personal Data Protection Act, 2023 has introduced new data processing obligations. State GCC policy frameworks are periodically updated. A law firm can provide structured, regular updates tailored to the GCC's specific activities and risk profile.

2. Contract templates and training

A library of well-drafted contract templates, vetted from a tax, IP, and data protection perspective, allows the teams to move quickly on routine transactions without involving the in-house legal team on every occasion. Templates need to be updated as the law changes and as the GCC's relationships evolve.

Legal risk in a GCC is created and managed by the teams that enter into commercial relationships, handle employee issues, and process personal data, not just by the legal function. Regular targeted training on contract fundamentals, data protection, employment law, and IP is a cost-effective investment a GCC can make to manage risk. A team trained to recognise legal risk is considerably more likely to escalate it before it becomes a problem.

3. Employment

Employment is consistently the area of highest legal activity for GCCs in India. The combination of a large workforce, the changing regulatory environment, and the complexity of managing people across geographies makes this an area of continuous need. Law firm support is most valuable in drafting and maintaining employment contracts and HR policies, advising on the application of the labour codes, supporting exit processes, and managing disputes before the Labour Court or Industrial Tribunal.

4. Disputes, tax, IP, and data protection

GCCs face dispute exposure across vendor relationships, employment claims, IP matters, and regulatory and tax proceedings. Well-drafted contracts with clear dispute resolution clauses significantly improve the ability to manage disputes efficiently when they arise.

Transfer pricing compliance, GST, and the tax implications of structural changes all require sustained attention. An integrated law firm relationship where corporate, employment, and tax practices work together is particularly valuable because many key decisions have tax dimensions that need to be considered holistically.

IP created by GCC employees is a significant asset of the MNC group, and its ownership and protection need to be actively managed. Relevant contracts need appropriate IP assignment provisions, and the intercompany arrangements must reflect IP ownership and license terms. The treatment of IP in the intercompany arrangement has transfer pricing implications, and assignments or licences between the Indian entity and the foreign parent need to be structured and documented with care.

The Digital Personal Data Protection Act, 2023 has materially changed the obligations of entities processing personal data in India. For GCCs, which typically process significant volumes of employee data and customer data on behalf of the foreign parent, a practical data protection framework covering privacy notices, DPAs, retention policies, breach response, and cross-border transfers is essential.

5. Global network and cross-border coordination

A GCC in India is part of an MNC operating across multiple jurisdictions, and the legal questions that arise often have cross-border dimensions. Managing separate, uncoordinated relationships across jurisdictions is expensive and likely to produce inconsistent advice. The cross-border questions that arise most frequently involve the interaction between Indian employment law and the global HR policies, cross-border data transfers, IP ownership, and tax implications, all of which require Indian and foreign law to be considered together.

Conclusion

The India GCC opportunity is real and growing. The MNCs that benefit most are those that get the structure right at the outset and building the infrastructure to support the GCC as it scales. The role of a law firm in this process is to be a genuine partner: designing processes and templates, training teams, and providing specialist advice on employment, tax, IP, and data protection that the in-house function cannot reasonably handle alone, while coordinating across jurisdictions. GCCs that invest in this kind of long-term law firm partnership, are in our experience the ones that scale most effectively and encounter the fewest avoidable legal difficulties along the way.

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