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June 2026



Growth of GCCs in India: The Role of Government Initiatives

In our previous feature, we explored how state governments in India are designing tailored state led policy frameworks to attract Global Capability Centres (“GCCs”) in their respective states. While states play a critical role in localized incentives and infrastructure, the Central Government, though not necessarily with that objective, has been instrumental in creating a national ecosystem that enables GCCs to establish, operate, and scale efficiently.

Through a combination of startup collaboration platforms, industrial and financial incentives, and regulatory ease, central initiatives have significantly strengthened India’s position as a GCC hub. These initiatives have contributed to a large extent to the ease of incorporation, operation and growth of GCCs in India.

The fact that these policies support and align with GCC operational models is evidenced by the fact that the GCC industry in India was estimated to reach market revenue of USD 98.4 billion by the end of FY 2026.

1. Enabling GCC–Startup Collaboration for Innovation-Led Operations

Modern GCCs are increasingly evolving into innovation engines, moving beyond traditional back-office functions to focus on AI, analytics, product development, and digital engineering. This shift requires continuous engagement with agile and specialized innovators, particularly startups.

The Government of India through its centralised regulations and schemes has introduced platforms that make structured collaboration between GCCs and startups more practical and efficient. The Gen-Next Support for Innovative Startups (GENESIS) initiative introduced by the Ministry of Electronics and Information Technology (MeitY) in July 2022, with a budgetary outlay of ₹490 crore over 5 years, supports startups across tier II and III cities. It provides pilot funding of up to ₹40 lakhs, allowing startups to test solutions in collaboration with corporates, including GCCs. This pilot funding support focuses on startups engaged in AI, electronics, and deep tech, for running pilot projects in collaboration with other corporate enterprises.

Since this scheme focuses on startups located beyond the metro cities, it allows GCCs who seek collaboration with such startups to also expand beyond metro cities into tier II and III cities, thereby making it cost efficient for such GCCs. This, combined with the various initiatives by certain state governments, could meaningfully contribute to the ability of GCCs to set up in non-metro states in India as it allows them access to cutting-edge solutions in AI, deep tech, and electronics, ability to run pilot programs quickly without large capital commitments and expansion into non-metro locations.

Besides the GENESIS scheme, the Department for Promotion of Industry and Internal Trade (DPIIT) has implemented the Startup India scheme which was introduced in 2016 and has since implemented several programs under the Startup India banner. Other than funding support and incentives, Startup India provides startups with recognition and an online platform which contains a database of DPIIT recognised startups for all startup stakeholders to connect and collaborate on projects, thereby enabling GCCs to find and collaborate with startups that drive innovation.

2. Industrial Incentives Driving GCC Expansion Alongside Core Business Functions

Global companies increasingly prefer to co-locate their GCCs with their manufacturing and business operations to ensure tighter integration across functions like R&D, supply chain, and digital engineering.

The Production Linked Incentive (PLI) Scheme launched in 2020, across multiple sectors such as electronics, semiconductors, pharmaceuticals, and telecom has been a key driver in this transformation.

The PLI scheme extends monetary incentives of 4% to 1% in the form of direct cash credits on net incremental sales over base year of goods manufactured in India and covered under the target segment, to eligible companies, for a period of four years. The target segment under PLI includes electronics, semiconductors, pharmaceuticals, telecom and other products.

The financial benefits of this scheme appear to be aimed at encouraging multinational co-operations (MNCs) to set up their manufacturing units along with their GCCs in India, for IT support, engineering design, analytics and digital transformation. GCCs that manage global procurement, logistics and inventory planning would benefit from this physical proximity since it strategically minimizes material delays and aligns global purchasing strategies with on-the-ground manufacturing needs. Similarly, GCCs that manage global R&D would benefit from physical proximity to manufacturing units by on-the-go testing thereby reducing the time taken for rectification of issues in the manufactured product.

This is further strengthened by the India Semiconductor Mission, which promotes chip design and fabrication. GCCs are no longer standalone cost centres - they have become integrated global business units, supporting end-to-end operations from India.

3. Regulatory Ease and Infrastructure Ecosystems Supporting GCC Set-Up

Ease of establishment and operational flexibility are core requirements for GCCs, which often need to scale rapidly and operate across global jurisdictions. The Central Government supports this through structured regulatory frameworks such as Special Economic Zones (SEZ) and Software Technology Parks of India (STPI) schemes, which align closely with GCC needs.

The SEZ Scheme and STPI Scheme are statutory schemes introduced by the government to streamline operations and attract foreign investment in India. The incentives and facilities offered to the GCCs in SEZs include:

- Duty free import/domestic procurement of goods for development, operation and maintenance of SEZ units.
- 100% Income Tax exemption on export income for SEZ units for the first 5 years, 50% for next 5 years and thereafter 50% of the ploughed back export profit for next 5 years.
- Exemption from Goods and Services Tax (GST) and other levies as imposed by the respective State Governments.
- Single window clearance for Central and State level approvals.

While the STPI Scheme is particularly relevant for technology-centric GCCs and have the following benefits:

- Approvals are given under single window clearance system.
- 100% foreign equity is permitted.
- All the imports of Hardware & Software in the STPI units are completely duty free, import of second-hand capital goods is also permitted.
- Capital invested by foreign entrepreneurs, know-how fees, royalty, dividend etc., can be freely repatriated after payment of Income Taxes due on them, if any.
- Items like computers and computer peripherals can be donated to recognized non-commercial educational institutions, registered charitable hospitals, public libraries, public funded research and development establishments, organizations of Govt. of India, or Govt of a State or Union Territory without payment of any duties after two years of their import.
- 100 percent depreciation on computers and computer peripherals over a period of five years.

SEZ and STPI frameworks reduce entry barriers and support scalable operations for GCCs to operate seamlessly. The benefit of single window clearance system eliminates the need to approach multiple government departments for approvals thereby reducing delays in licensing, registrations, and compliance processes. By providing tax subsidies and exemptions including exemptions on import duty, these schemes reduce overall operational costs and costs of setting up GCCs in India. For this, GCCs are required to comply with the SEZ and STPI guidelines, including obtaining valid approvals as required under the SEZ and STPI regulations.

Similarly, the GIFT City International Financial Services Centre (“**IFSC**”) framework which operates in the state of Gujarat, further enhances the operating environment for GCCs by establishing a specialised international financial services ecosystem within SEZs, governed by a unified regulator which is the International Financial Services Centres Authority (“**IFSCA**”), under the International Financial Services Centres Authority Act, 2019. This framework provides GCCs with a combination of SEZ benefits like single-window regulatory regime, tax efficiencies etc., coupled with the flexibility to undertake cross-border operations in foreign currency, thereby enabling GCCs to operate with offshore-like capabilities from within India. This enables GCCs established in GIFT City IFSC to operate at significantly lower costs than outside India, but with several monetary benefits that they would not have, were they located elsewhere in India.

GCCs in GIFT City IFSC are also regulated by the International Financial Services Centres Authority (Global In-House Centres) Regulations, 2025 (“**IFSCA GIC Regulations**”), which was notified by IFCA on 24 December 2025. These regulations are aimed at facilitating GCCs as a financial service to develop IFSCs. GCCs providing services in relation to financial products and financial services are required to register under the IFSCA GIC Regulations. Upon registration of the GCC under the IFSCA GIC Regulations, the GCC can provide financial services to non-resident financial service entities.

Conclusion

The Central Government’s approach supports GCCs across three critical dimensions, which are innovation through startup collaboration initiatives, integration through manufacturing-linked incentives like PLI and operational efficiency through SEZ, STPI, and regulatory ease. With a combination of these initiatives, GCCs can operate as innovation hubs rather than support centres, strategic business units rather than cost centres and global capability anchors rather than offshore extensions.

With such collaboration initiatives, tax and financial subsidies, a pool of digital infrastructure and talent and investor friendly policies, India has positioned itself as an extremely attractive base for GCC

expansion. By adapting to the highly dynamic requirements of GCCs and the government having catered to those requirements through statutory policies, GCCs are bound to grow and expand in India.

A systemic policy framework catering exclusively to GCCs and their operation in India may be helpful in further attracting GCCs to India.

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