UP NORTH ADVISORS

Handbook on setting up Global Capability Centers (GCC) in India

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GCC Overview and GCC in India

A Global Capability Center (GCC) or captive center, is an offshore unit established by a multinational corporation (MNC) to manage various business functions and processes for its parent organization.

Initially, GCCs were primarily set up to achieve cost efficiencies and provide back-office support, such as IT infrastructure management and Business Process Outsourcing (BPO) services. However, they have evolved significantly to become strategic innovation powerhouses, taking on more complex and critical functions like product development, research and development (R&D), data analytics, artificial intelligence, cybersecurity, finance, and human resources. These centers now play a crucial role in driving innovation, digital transformation, and strategic value for their parent companies.

India's Global Capability Centers have undergone a significant transformation in the last 10-15 years, evolving from mere cost-arbitrage centers to strategic innovation powerhouses. With over 1,700 GCCs and nearly 2 million professionals, India has cemented its position as a global hub for talent, technology, and strategic operations. This evolution signifies a fundamental shift in the value proposition of Indian GCCs, moving beyond operational efficiency to strategic differentiation and competitive advantage for multinational corporations.

The operational success of GCCs in India is intrinsically linked to navigating a complex, dynamic, and multi-layered legal and regulatory environment. This includes meticulous attention to corporate structuring, intricate tax and transfer pricing regimes, Foreign Exchange Management Act (FEMA) compliance, comprehensive labour laws, evolving data protection and cybersecurity mandates, and robust intellectual property protection frameworks. Each of these areas presents distinct obligations and potential challenges that necessitate proactive and informed engagement. The activity of setting up a GCC is primarily a business driven decision.

Key Drivers of GCC Success in India

Several interconnected factors underpin India's success as the premier destination for GCCs which includes:

- **Talent Pool**
- **Cost-Effectiveness**

- **Infrastructure**
- **Government Support**

Talent Pool

India boasts a vast and highly skilled talent pool, including over a quarter of the world's STEM talent. The country produces millions of graduates annually, many specializing in engineering, computer science and business management. GCCs actively invest in upskilling, leadership development and collaborate with universities to co-develop curriculum, ensuring a steady pipeline of talent aligned with industry needs. This focus on talent development ensures that the workforce remains competitive and adaptable to evolving technological demands.

Cost-Effectiveness

While no longer the sole driver, cost efficiency remains a significant advantage. The cost of operating a captive center in India is substantially lower compared to developed countries like the US and the UK, primarily due to lower salaries, competitive real estate costs and favorable exchange rates. This allows GCCs to optimize operations and drive innovation without incurring prohibitive expenses, shifting the focus from mere cost-cutting to tangible value creation.

Infrastructure

India's infrastructure is rapidly evolving, especially in Tier-1 cities like Bengaluru, Hyderabad, Delhi NCR, Mumbai, Pune, and Chennai, which have established tech parks and transport networks. Tier-2 and Tier-3 cities such as Jaipur, Chandigarh, Coimbatore, and Visakhapatnam are also growing, providing cost efficiencies and access to untapped talent, enhancing the GCC footprint.

Government Support

The Indian government actively supports the establishment and growth of GCCs through a range of supportive policies and initiatives. This includes liberal Foreign Direct Investment (FDI) policies, with most sectors open to 100% FDI under the automatic route. Significant tax incentives are offered, particularly through Special Economic Zones (SEZs), Gujarat International Finance Tec-City (GIFT City) and Software Technology Parks (STPs), which provide income tax holidays, GST exemptions and duty-free imports on technology and infrastructure.

Government initiatives

- **Special Economic Zone**
- **Software Technology Park**
- **International Financial Services Centre**
- **Product Linked Incentive scheme**

Furthermore, initiatives like the Production-Linked Incentive (PLI) scheme extend benefits to AI-driven and fintech-based GCCs, encouraging investment in high-tech services. State governments also play a crucial role, with specific policies and incentives in states like Karnataka, Telangana, and Tamil Nadu, offering financial incentives, upskilling initiatives and infrastructure development.

The increasing focus on Tier-2 and Tier-3 cities, actively supported by government policies, represents a strategic imperative for sustainable growth. While Tier-1 cities are established hubs, rising costs and talent saturation are prompting GCCs to explore these emerging locations. This decentralization is not merely a reactive response to cost pressures but a proactive strategy to tap into new talent pools, enhance operational resilience and ensure balanced regional growth, thereby contributing significantly to India's overall economic development.

This geographic diversification strengthens India's long-term attractiveness and resilience as a GCC destination, mitigating risks associated with over-concentration in a few metropolitan areas.

Frameworks for GCC Operations in India

Structural Frameworks for GCC Operations in India

The common entity structure for establishing Global Capability Center in India are:

Private Limited Company (PLC)	Limited Liability Partnership (LLP)	Branch Office (BO)	Joint Venture

Private Limited Company

A private limited company is a type of business entity incorporated under the Companies Act, 2013, or its erstwhile, the Companies Act, 1956. It is a privately held company with limited liability.

Key characteristics:

Ownership: It is owned by a small group of shareholders, with a minimum of 2 and a maximum of 200 members.

Limited Liability: Shareholders are not personally liable for the company's debts beyond their share contribution.

Separate Legal Entity: The company is considered a distinct legal person, separate from its owners, capable of owning assets, incurring liabilities and entering contracts.

Minimum Directors: Must have at least 2 directors, with a maximum of 15 (can be extended through a special resolution) and at least one director must be a resident of India.

Compliance: It is subject to regulations by the Ministry of Corporate Affairs (MCA), including filing annual returns, financial statements and maintaining statutory registers.

Limited Liability Partnership

A Limited Liability Partnership is a hybrid business structure combining features of a partnership and a company governed by the Limited Liability Partnership Act, 2008. It's designed to provide flexibility like a partnership while offering limited liability like a company.

Key characteristics:

Body corporate: LLP is a legal entity separate from that of its partners and shall have perpetual succession

Limited Liability: The liability of the partners will be limited to their agreed capital contribution in the LLP.

Mutual Agency: Individual partners in an LLP are not responsible for the independent or wrongful actions of other partners. Each partner acts solely as an agent of the LLP, meaning no partner's actions can bind another.

Minimum Partners: Every LLP shall have at least two partners and shall also have at least 2 individuals as designated partners, of whom at least one shall be resident in India. There is no maximum limit on the partners in LLP.

Compliance: E-Filing of relevant forms or application of documents are required to be filed with MCA.

Branch Office

A BO of a foreign company is an extension of a company incorporated outside India, established to conduct business activities within India. It is governed by the Companies Act, 2013 and regulated by the Reserve Bank of India (RBI) and the Ministry of Corporate Affairs (MCA).

It can be set up only for specific sectors where 100% FDI is permitted. Requires prior approval from the RBI through an Authorized Dealer (AD) Category-I Bank.

Joint Venture

A joint venture (JV) is a strategic collaboration in which two or more individuals or companies come together to contribute goods, services and/or capital towards a shared commercial endeavor.

In sectors where 100 percent FDI is restricted in India, a joint venture serves as an ideal solution, providing a low-risk opportunity for businesses aiming to enter the dynamic Indian market.

Contractual Frameworks Governing GCC Operations

Inter-Company Agreements

Inter-company agreements are essential for articulating the rationale, specific terms and conditions of the services rendered by the Indian GCC to its parent organization. The importance of these agreements is underscored by the significant weight they are accorded in judicial rulings, making their precise drafting and thorough documentation paramount for legal defensibility.

Master Service Agreements (MSAs)

Master Service Agreements serve as overarching contracts that govern the entire scope of engagement between the parent company and the Indian GCC. These comprehensive agreements typically delineate the range of services to be provided, establish clear intellectual property (IP) ownership clauses, specify payment terms, and outline mechanisms for dispute resolution.

Operational Framework Governing GCC Operations

When establishing GCC, organizations need to pick an operational model that fits their goals, capabilities, and resources. It is important to choose one that aligns with ones strategic objectives, desired control, and available resources. The following are common GCC operating models:

Captive model

Hybrid Model

Build-Operate-transfer (BOT) Model

Captive Model:

Full Ownership & Control: The parent company maintains 100% ownership and direct operational control over the GCC.

Strategic & Cultural Alignment: Ensures seamless integration with corporate strategy and organizational culture.

Enhanced Intellectual property Security: Provides maximum protection for intellectual property.

Build-Operate-Transfer Model:

Transitional Ownership: The parent entity appoints a third-party who builds and operates the GCC initially, eventually transferring the full ownership to the parent company.

Reduced Initial Risk & Investment: Minimizes upfront capital expenditure and operational risks for the parent company.

Rapid & Informed Setup: Leverages partner expertise for accelerated setup and operationalization, benefiting from their in-depth knowledge of local regulations and talent acquisition.

BOT Agreement Framework: This arrangement is formalized through a Build-Operate-Transfer (BOT) agreement. This agreement meticulously defines roles, schedules, and deliverables for all parties. It guarantees a seamless handover of control and operations when the period concludes.

Hybrid model:

Hybrid Operational Model: The parent company owns the legal entity and strategic control and IP, while an third-party manages day to day operations.

Balanced Control & Flexibility: Offers strategic oversight for the parent company alongside operational agility from the partner.

Leverages Local Expertise: Benefits from the partner's operational proficiency and understanding of local regulations.

Robust Governance Required: Demands strong governance and communication frameworks for effective management.

Tax Framework

Corporate Tax

The corporate tax rates for GCCs in India vary based on the type of entity and whether they opt for concessional tax regimes. Corporate taxes are governed by the Income tax Act, 1961 (the 'Act') and the relevant rules made thereunder. When GCCs are structured as a domestic entity, it will generally be taxed at a rate between 25% and 30% with additional applicable Surcharge and Cess.

Structure of the Company	Rate	Tax Regime
Domestic Company with less than turnover of INR 400 Crore	25%	Regular Tax Regime
Domestic Company with more than turnover of INR 400 Crore	30%	Regular Tax Regime
Domestic Company opting for Section 115BAA of the Act	22%	Concessional Tax Regime

If the GCC operates as an LLP, it attracts a corporate income tax rate of 30%, plus applicable Surcharge and Cess as per relevant provisions.

GCCs operating in an IFSC are eligible for significant income tax exemptions under Section 80LA of the Income-tax Act, 1961, including a 100% tax exemption on profits from eligible business for the first 10 consecutive assessment years, exemption from MAT/AMT from AY 2021–22 onwards if they earn only exempt income, with concessional tax rates applicable to interest and royalty payments.

Dividends are taxable in the hands of the shareholder of a company. Further, dividends are subject to withholding tax in India i.e. at the rate of 10% in case of residents and 20% in case of non-residents subject to treaty benefits.

Transfer pricing Regulations

As a part of a multinational group, GCC's transactions with overseas associated enterprises may qualify as international transactions under the ITA and fall within the scope of transfer pricing ('TP') regulations.

Therefore, TP provisions requires that intercompany dealings such as service delivery, adhere to the arm's length principle, ensuring prices are consistent with those charged between unrelated parties in similar circumstances.

An intercompany agreement aligned with the GCC's functions is crucial. It should clearly define the roles, responsibilities, pricing terms and service conditions between the GCC and its associated enterprises.

The remuneration for GCCs generally follows a cost-plus markup model for services delivered to their foreign parent organizations, which requires comprehensive analysis of functions, assets and risks shared between the GCC and related entities forms the basis for establishing an arm's length margin and ensuring transfer pricing compliance. This model is generally considered consistent with the economic characterization of a GCC as a limited-risk entity providing services to its parent.

Goods and Services Tax (GST)

As GCC provides services to its foreign parent or related entities, the general rule under GST for such cross-border transactions is that imports of goods or services into India are treated as taxable inter-state supplies and attract IGST, whereas exports from India qualify as zero-rated supplies and are exempt from GST subject to specified conditions

A Letter of Undertaking (LUT) is a facility under GST that allows eligible exporters of goods / services, including GCCs involved in service exports, to make these exports without the payment of IGST at the time of export.

By furnishing an LUT, the exporter assures the government, of their commitment to meet all GST compliance requirements. This mechanism is crucial for maintaining healthy cash flow, as it eliminates the need to pay IGST first and then claim a refund, a process that can be time-consuming and potentially disrupt operations.

Therefore, exporters of goods or services can file a LUT, which is valid for one year and must be renewed annually. Failure to comply with the prescribed timeframe and RBI regulations for receiving export proceeds may result in penalties and a requirement to pay IGST with interest.

Customs Duty

GCCs import items such as IT hardware (including servers, laptops, and routers), lab or R&D equipment, prototypes for testing, particularly in product engineering centers and software loaded on physical media. Although GCCs are primarily service-oriented and not engaged in manufacturing or trade, the import of any physical goods into India is subject to customs duty unless specifically exempted.

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Legal Framework

Employment & labour law

Indian employment and labour laws are comprehensive and govern all individuals recruited or hired to work with a GCC, irrespective of their citizenship.

Proactive compliance with these laws are not just a legal obligation but also a strategic imperative for attracting and retaining talent in India's competitive market.

Key Acts and Compliances:

Shops and Establishments Act: This is one of the foundational laws for any office-based business. Mandatory registration is required in the state where the GCC operates and the Act regulates crucial aspects such as working hours, weekly offs, leave policies and general working conditions. It is critical to note that regulations under this Act can vary significantly by state, requiring careful attention to local nuances.

Payment of Gratuity Act, 1972: This Act mandates the payment of gratuity to employees who have completed at least five years of continuous service. It is compulsory for companies employing 10 or more individuals. This is a significant financial liability that GCCs must account for from the outset.

Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (EPF): This Act makes contributions to the Employees Provident Fund scheme mandatory for companies with 20 or more employees. Both the employer and employee contribute 12% of the employee's basic salary each month towards this retirement benefit plan. Registration with EPFO, monthly returns and timely payments are essential.

Employees' State Insurance Act, 1948 (ESI): This social security legislation is mandatory for employees earning up to INR 21,000 per month in establishments with 10 or more workers. It provides access to healthcare, maternity benefits and disability coverage. Employers contribute 3.25% of wages, while employees contribute 0.75%.

Code on Wages, 2019: This consolidated code defines minimum wages at both national and state levels which applies to all employees. It also outlines rules concerning timelines for salary payments and bonus eligibility, requiring GCCs to review their compensation structures for alignment.

Equal Remuneration Act, 1976 ("Remuneration Act"): This Act mandates equal pay for men and women doing the same or similar work. It also forbids gender based discrimination in employment. The Act's goal is to prevent gender wage gaps and foster workplace equality

Maternity Benefit Act, 1961: This Act provides comprehensive benefits for women employees, including 26 weeks of paid maternity leave for the first two children, job protection, and a medical bonus. Companies with 50 or more employees are also mandated to provide crèche facilities, either onsite or through a tie-up with a local provider.

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act): This crucial legislation mandates that every company with 10 or more employees establish an Internal Complaints Committee (ICC) to address issues of sexual harassment. Compliance requires displaying policy information in the workplace, conducting regular sensitization programs and filing annual reports on complaints and resolutions. The Act applies broadly to all employees, interns, vendors, visitors and even covers remote work arrangements.

The Industrial Relations Code, 2020: This consolidated code streamlines regulations concerning trade unions, conditions of employment and the investigation and settlement of industrial disputes. The Code also introduces changes to rules for strikes, layoffs and retrenchment which often leads to increasing thresholds for government approval and promotes ease of doing business while seeking industrial harmony.

The Occupational Safety, Health and Working Conditions Code, 2020: This code consolidates 13 existing laws related to worker safety, health and welfare. It aims to provide a unified framework for safer workplaces across various establishments, including factories, mines and construction sites. The Code mandates duties for employers to ensure a hazard-free environment, includes providing annual health check-ups and regulating work hours, leave and welfare facilities like canteens. It also specifically covers inter-state migrant workers with added protections.

Employment Documentation & Agreement

Documentation of employment details like offer letters, agreements, remuneration and benefits is crucial. Beyond outlining an employee's responsibilities and the employer's expectations these documents connect the employment terms to specific state labor laws governing aspects like leave entitlements, working hours and notice periods.

Accurate record-keeping is crucial for due diligence and mitigating litigation risks, covering essential documents like non-disclosure, intellectual property agreements and training bonds.

The Employment Agreement establishes the fundamental terms like probation, roles, leave provisions and termination serving as the central record for all employment conditions.

While drafting an employment agreement the following aspects are to be considered:

Contractual stipulations	Key Considerations
Remuneration and Benefit	The agreement should detail salary, incentives, allowances and benefits like health insurance and bonus. It must also define variable pay structures aligned with performance.
Statutory benefits	Employers must provide statutory benefits like Provident Fund and Employee State Insurance, adhering to their respective Acts based on employee count and wage thresholds. Gratuity is mandatory for employees completing five years of service and bonus may be applicable based on profitability and employee wages.

Contractual stipulations	Key Considerations
Duration of Employment	Employment duration is typically indefinite but for fixed-term contracts, the end date must be clearly predetermined.
Confidentiality and Non-Disclosure Agreements (NDAs)	Employees are obligated to protect and not disclose the employer's confidential information both during and after employment.
Work Hours and Location	The agreement must specify the primary work location and it should also allow for flexible work location changes
Leave Policy	The agreement must clearly state various types of leaves, including annual sick and casual leave along with maternity leave as mandated by the Maternity Benefit Act.
Conflict of Interest	Employees are prohibited from engaging in activities conflicting with the employer's interests during their tenure.
Termination Policy	The agreement must detail termination conditions, including notice periods and specific causes with GCCs needing to broadly define "without cause" termination for flexibility under Indian law
Non-Compete and Non-Solicitation Clauses	Post-employment clauses restricting employees from joining competitors or soliciting clients/employees require reasonable limits for enforceability but non-competes are generally unenforceable after employment.

Employer on Record (EOR):

An Employer on Record is a third-party organization that assumes the legal and operational responsibilities for managing client company's workforce in locations where the client does not maintain a registered business entity in India.

EOR streamlines the process of establishing and managing a workforce for a GCC, allowing the parent company to access India's talent pool efficiently and in compliance with local laws while minimizing administrative burdens and risks.

Legal, compliance and tax risks to be considered while evaluating EOR:

Some of the most significant risks are as follows:

- Sharing sensitive employee data and company IP with a third-party EOR inherently carries risks. Inadequate data protection measures by the EOR or poorly defined IP ownership in contracts can lead to breaches and loss of valuable IP.

- If the activities of the employees engaged through an EOR create a fixed place of business or a dependent agent relationship for the foreign company in India, it could trigger Permanent Establishment (PE). Factors contributing to PE risk include employees having authority to conclude contracts on behalf of the foreign company, performing core business activities, or the foreign company having an office space.

By understanding these risks and implementing robust mitigation strategies, foreign companies can leverage the benefits of using an EOR in India while minimizing potential downsides during the initial phase of the entity.

Employee Stock Option Plan (ESOP):

Offering ESOPs by GCC can attract and retain top tier talent through equity participation.

When a foreign parent company grants ESOPs to Indian GCC employees, compliance with FEMA (for share acquisition by residents) and the Income Tax Act (for taxation at exercise and sale, including potential GCC withholding obligations) is essential.

Environmental Laws

Environmental law is an increasingly important consideration for GCCs, particularly those operating in India. While GCCs are often perceived as "clean" IT or ITES (IT Enabled Services) operations compared to manufacturing, they still have environmental footprints and are subject to a range of regulations. Beyond mere compliance, many parent companies are pushing their GCCs to align with global Environmental, Social and Governance (ESG) initiatives.

Core Environmental Legislation Applicable to GCCs in India:

The primary environmental laws in India that GCCs need to be aware of include:

The Environment (Protection) Act, 1986 (EPA): This is the umbrella legislation, granting the Central Government broad powers to take measures for environmental protection and improvement. It allows for the formulation of various rules and notifications.

The Air (Prevention and Control of Pollution) Act, 1981: Deals with air pollution control and mandates obtaining "Consent to Establish" (CTE) and "Consent to Operate" (CTO) from State Pollution Control Boards (SPCBs) for industries generating air pollutants.

The Water (Prevention and Control of Pollution) Act, 1974: Addresses water pollution control and also requires CTE and CTO from SPCBs for industries discharging effluents.

National Green Tribunal Act, 2010: Establishes the National Green Tribunal (NGT) to provide for effective and expeditious disposal of cases relating to environmental protection and conservation of forests and other natural resources, including enforcement of legal rights relating to the environment.

E-Waste (Management) Rules, 2022: GCCs, as bulk consumers and generators of electronic equipment, must ensure responsible disposal of e-waste (computers, servers, peripherals). This includes adhering to Extended Producer Responsibility (EPR) obligations (if applicable as bulk consumers), channelizing e-waste through authorized recyclers, and maintaining detailed records

Intellectual Property Law

As developers and managers of solutions, technologies, and processes for their group entities, GCCs rely on Intellectual Property (IP) as a critical asset that underpins their strategic contribution to innovation, operational excellence, and value creation. Consequently, protecting this IP and ensuring the parent entity's sustained control are of paramount importance within the GCC ecosystem

Core Intellectual Property Assets :

1. Copyright :

As per provisions of Indian Copyright Act, 1957, if a work is made by an employee in the course of their employment under a "contract of service," the employer (the Indian GCC legal entity) is considered the first owner of the copyright, unless there is an agreement to the contrary.

Inter-Company Agreements (ICAs) are comprehensive contracts between the Indian GCC legal entity and its global parent company that typically stipulate the automatic assignment of all Intellectual Property (including copyright) to the parent upon creation, granting perpetual, worldwide rights for the parent to use, modify, sublicense, and exploit the IP across its global operations.

2. Patent :

Unlike copyright, which protects the expression of an idea (e.g., the code), a patent protects the idea itself if it is a novel, non-obvious, and industrially applicable invention.

Similar to copyright, inventions made by employees within the scope of their employment typically belong to the employer (the GCC legal entity in India) under Indian patent law.

ICAs are absolutely critical. These agreements between the Indian GCC and its global parent company explicitly assign all rights, title, and interest in patented inventions (and patent applications) to the parent company. This ensures that the ultimate control and commercial exploitation rights reside with the global enterprise.

3. Trademarks :

A trademark is a type of intellectual property (IP) that consists of a recognizable sign, design, or expression which identifies products or services from a specific source and distinguishes them from those of others.

Any trademark used by a GCC, even if it's for an internal tool or platform, must ultimately be owned and controlled by the global parent company. This is paramount to maintain a unified brand identity across the entire enterprise.

ICAs agreements between the Indian GCC legal entity and the global parent company will explicitly state that all trademarks (and associated goodwill) developed or used by the GCC belong to and are assigned to, the parent company. The GCC typically operates under a license to use these marks.

4. Trade Secrets :

A trade secret is a form of intellectual property that protects confidential business information which provides a competitive advantage to its owner.

Mandating all employees, from new hires to senior leadership, sign strong Non Disclosure Agreements ('NDAs') and confidentiality clauses within their employment contracts. These should clearly define "confidential information" and outline the obligations to protect it, both during and after employment.

ICAs are the critical agreements between the Indian GCC legal entity and the global parent company must explicitly classify all information shared between them, or developed by the GCC, as confidential trade secrets of the parent, stipulating robust protection obligations for the GCC.

Data Protection and Cybersecurity Laws

The increasing reliance on digital operations and cross-border data flows places data protection and cybersecurity at the forefront of GCC compliance obligations.

Digital Personal Data Protection Act (DPDPA) 2023

The Digital Personal Data Protection Act 2023, enacted in August 2023 (with an effective date to be notified), marks a transformative moment in India's data privacy landscape. This Act establishes a rigorous framework for managing and safeguarding personal data, aiming to balance individual rights with the need for lawful data processing. Notably, the DPDPA has extraterritorial reach, applying to the processing of personal data outside India if it relates to offering goods or services to individuals within India.

Key principles under the DPDPA include the requirement for free, informed, revocable, and affirmative consent from data principals, along with principles of data minimization and transparency. Data principals are granted significant rights, including the right to access, correct, erase their data, and revoke consent. GCCs are obligated to secure data with robust measures, facilitate these data principal rights, and promptly notify the Data Protection Board of any data breaches. Non-compliance can lead to severe penalties, potentially reaching up to INR 250 crore.

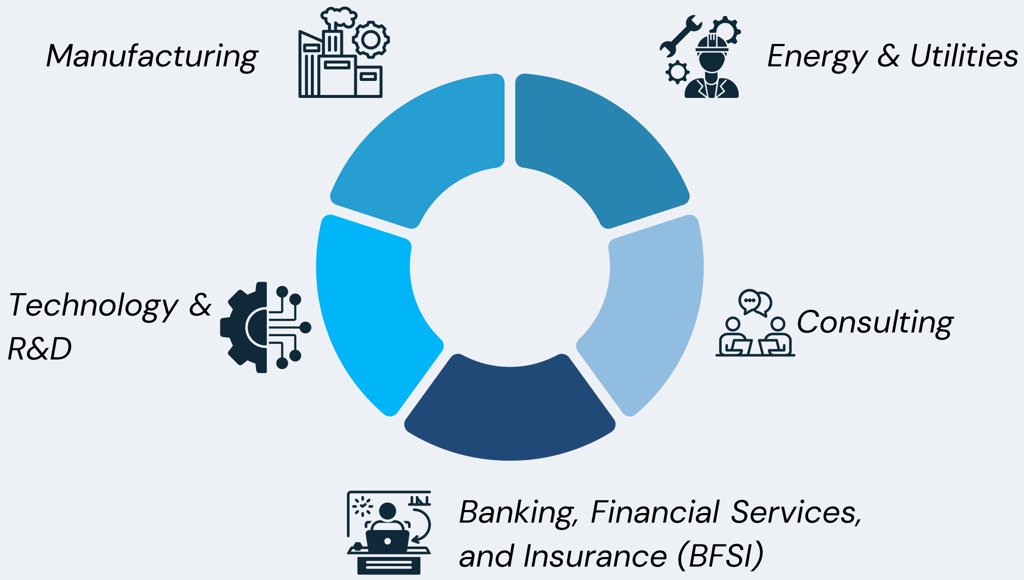
Cross-border data transfers are generally permitted under the DPDPA, but the Central Government retains the power to restrict transfers to specified countries or territories. Furthermore, sector-specific rules, such as the Reserve Bank of India's (RBI) localization mandates for financial data, can impose stricter requirements, necessitating that certain data be stored and processed within Indian boundaries. GCCs classified as "Significant Data Fiduciaries" (based on the volume or sensitivity of the data they process) face additional obligations, which may include specific data localization mandates.

Information Technology (IT) Act 2000 and Cybersecurity Compliance

The IT Act serves as India's foundational legislation addressing cybercrime and electronic commerce. It provides legal recognition to electronic records and digital signatures, facilitating e-commerce and digital transactions. The Act criminalizes various cybercrimes, including hacking, identity theft, cyberstalking, and the transmission of obscene material, and includes provisions for data protection and compensation for negligence in maintaining data security.

Various Industries and Businesses Establishing GCCs in India

The various industries and businesses that establish GCC in India includes:



Manufacturing

Establishing a manufacturing entity in India offers several advantages including large market and skilled workforce, strategic location - India's geographic position provides convenient access to maritime transport and international trade *via* multiple ports, Government support and initiatives - Programs like 'Make In India' foster a conducive environment for manufacturing.

Technology and R&D

The technology sector was an early and significant adopter of the GCC model, and it continues to account for a substantial share of GCC operations in India.

Technology focused GCCs in India are engaged in services such as Application Development, Network Management, Cybersecurity, Digital Marketing, Data Analytics, Cloud Infrastructure, Blockchain, etc. By tapping into the diverse expertise available, businesses can enhance their global competitiveness and rapidly adapt to technological advancements.

BFSI

Financial institutions extensively utilize GCCs for a wide array of functions, including IT infrastructure management, intricate financial analysis, robust risk management, comprehensive customer service, and ensuring strict regulatory compliance.

Consulting

Global consulting firms have established GCCs in India, providing a wide range of services including global tax compliances, business consulting, cloud transformation, digital risk advisory, advanced analytics, cybersecurity and regulatory compliance.

Energy

India hosts many energy sector GCCs, which have significantly expanded their scope beyond fossil fuels and expanded towards renewable energy sources. The focus within these centers has notably shifted towards decarbonization and clean energy transition, aligning with the evolving global energy landscape. Indian GCCs are actively capitalizing on renewable energy opportunities, seamlessly integrating sustainability with digital innovation.

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How can we assist?

Navigating India's complex legal and tax landscape is crucial for the success of GCC in India. Our firm offers comprehensive support from incorporation stage to effective tax & legal planning and compliance services.

In this regard, we help GCCs navigate on the following broad categories of service requirements:

- Incorporation / set-up assistance
- Initial tax registrations
- Labour law and other legal registrations
- Transfer pricing margin analysis on ICA's
- Drafting of inter-company agreements and MSAs
- Setting up Chart of Accounts/ statutory compliance process
- Monthly tax & legal compliances
- Annual tax & legal compliances
- International tax advisory services
- Representation services before regulators

Conclusion and Future Outlook

India's journey from a cost-arbitrage destination to a strategic innovation and value creation hub for Global Capability Centers is a testament to its evolving capabilities and supportive ecosystem. The nation's unique blend of a vast and skilled talent pool, persistent cost-effectiveness, robust and expanding infrastructure, and proactive government support continues to make it the preferred destination for multinational corporations. The evolution of GCCs to manage end-to-end product lifecycles, lead AI initiatives, and host critical decision-making roles underscores India's indispensable and growing role in global business operations.

The trajectory for India's GCC sector remains exceptionally strong, with projections indicating significant growth in the number of centers, employment opportunities, and revenue generation by 2030. As global businesses increasingly seek agility, innovation, and resilience in a dynamic geopolitical and technological landscape, India's GCCs are poised to play an even more pivotal role in shaping the future of technology and global business. Strategic investments and informed, adaptive policy-making will be critical in ensuring India remains at the forefront of this profound global transformation.

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