

# Global capability centres (GCCs)

## Key expectations from Budget 2025

### About GCC -A bird's eye view



India has **1,700** GCCs which contribute over **USD 64.6 billion** in annual revenue (marking a 40% increase from 2023) and employing over 1.9 million professionals. By 2030, the market size of GCCs is projected to reach USD 100 billion and the workforce is expected to surpass 2.5 million.

Source - <https://www.ibef.org/news/>

### Key roadblocks and issues

Lack of quality infrastructure/costly rentals in Tier-I cities

Reverse migration post COVID from Tier-I to Tier-II/Tier-III cities

Need detail central and state policies

Emergence of competitive geographies like Central Europe, Philippines

Limited tax incentives, aggressive transfer pricing margins and protracted litigation impacting India's Ease of Doing Business rankings

Assumptions of concurrent jurisdiction and proceedings by multiple authorities [such as DGGI, State investigation authorities, jurisdictional authorities etc.], at times in parallel, for a single registration leading to duplicity of efforts

## Key tax expectations from Union Budget 2025



Reintroduce tax holiday benefits to GCCs (at least for a period of 10 years) – similar to the regime currently in place for GIFT City units. Alternatively, extend the concessional tax rate of 15% to new GCCs.



Consider additional tax incentives (such as weighted deduction/ enhanced depreciation/ towards employment generation) to GCCs set up in Tier-II and Tier-III cities or in emerging areas such as AI.



Rationalise existing safe harbor rules including increase of turnover threshold and downward revision at the arm's length cost plus margins.

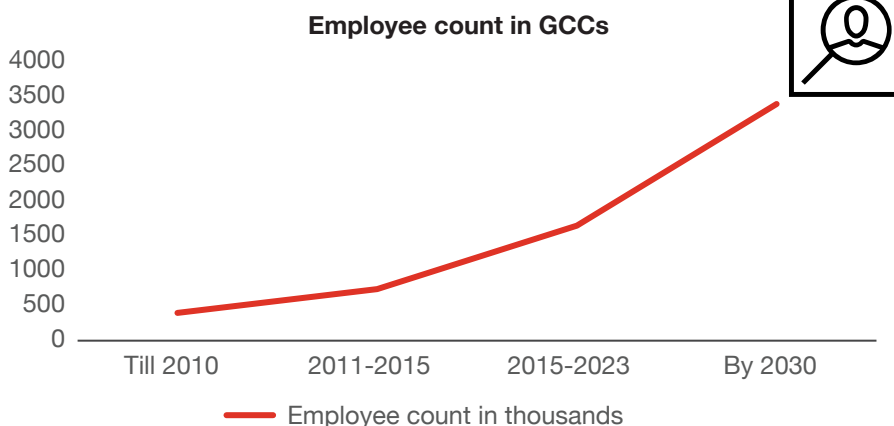


Set out guidelines on the jurisdiction / scope of investigation by different authorities to provide clarity and facilitate ease of doing business



State-specific policy measures – subsidisation of electricity costs, providing payroll subsidy to encourage investments and facilitate growth and employment generation in Tier-II and Tier-III cities

### Employment trends



### Our perspective

GCCs in India are acting as a catalyst for accelerated innovation by accessing diverse talent pools offering scalability in a cost-efficient manner. They are leading diverse global initiatives, underpinning their importance in cross-cultural collaboration. It is the right time for both central and state governments to unfurl targeted policies and incentives for GCCs to sustain the sector's growth and momentum."