



Government of Madhya Pradesh

Madhya Pradesh Global Capability Centres (GCC) Policy 2024

Department of Science and Technology, Government of Madhya Pradesh

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1. Background

Global Capacity Centers (GCCs) have emerged as indispensable strategic assets for multinational corporations. By centralizing and standardizing critical business functions such as finance, human resources, procurement, and advanced analytics, GCCs enable organizations to achieve significant operational efficiencies, reduce costs, and enhance overall performance.

These specialized centers provide a centralized platform for managing global operations, ensuring consistency, compliance, and risk mitigation across diverse geographical regions. GCCs often leverage advanced technologies and data analytics to optimize processes, improve decision-making, and drive innovation.

By consolidating resources and expertise, GCCs empower multinational corporations to focus on core competencies, accelerate growth, and gain a competitive edge in the global marketplace. Today, GCCs are transforming into 'digital twins' of their headquarters, marking a profound shift in their role. This digital twin concept signifies that GCCs now replicate and integrate all functions and operations of the headquarters, creating a mirror-like representation.

At present, GCC global market size in FY 2023 is US\$ 46 bn. India accounts for over 50% of the global GCC market. GCC count in India is expected reach 2400+ by FY 2030 as compared to the current count of 1600+ as on FY 2023. Today, GCCs in India employ over 1.9+ mn workers and are expected to employ over 4.5+ Mn workers by FY 2030. The GCC is market size is valued at US\$ 46 bn and is anticipated to reach US\$ 110 bn by 2030. India has 6 GCC hubs housing 90% of GCCs and Talent, which are: Bengaluru (30% GCCs | 34% Talent), Hyderabad (19% GCCs | 8% Talent), Delhi NCR (15% GCCs | 14% Talent), Mumbai (12% GCCs | 11% Talent), Pune (10% GCCs | 9% Talent), and Chennai (9% GCCs | 10% Talent) respectively¹.

Madhya Pradesh has a strong presence in IT/ITeS, Automobile, Geographic Information System (GIS), Pharmaceutical, and Textile Industries. For these industries to grow faster, the state intends to attract sector specific GCCs to support specific industries. With this policy, the state intends to attract more than 50 GCCs with a target of employing over 37,000 direct employees.

2. IT/ITeS Landscape in Madhya Pradesh

Madhya Pradesh is rapidly emerging as a significant IT/ITeS hub, fueled by a robust ecosystem and a strong talent pool. With IT/ITeS exports tripling in the past three years, the state has witnessed an impressive average growth rate of 43%. The presence of over 5 SEZs, 15+ IT parks, and 150+ ESDM units, coupled with 2 lakh+ skilled IT/ITeS professionals, creates a conducive environment for IT businesses. The growth is not limited to specific regions, with cities like Indore, Bhopal, and Jabalpur emerging as major IT hubs, housing numerous IT/ITeS units, including BPO/BPMs.

The state's strong emphasis on education, with approx. 300 engineering colleges producing 50,000+ tech graduates annually, ensures a steady supply of skilled talent. Additionally, the booming automobile and pharmaceutical sectors, necessitate sector-specific GCCs to address their evolving technological needs. This combination of factors makes Madhya

¹ Data Sources:
India GCC Landscape Report, September 2024, NASSCOM and Zinnov
Vision 2030: GCC trend analysis, Future of GCCs in India a vision 2030, June 2023, EY, 2023
India's global capability centre market: Six imperatives to scale up further, PwC, 2023

Pradesh an attractive destination for GCCs seeking to expand their operations and capitalize on the state's growing IT landscape.

The state of Madhya Pradesh has been ranked 4th in the Ease of Doing Business Ranking 2023 which makes it a preferred destination for various industries. With regards to cost advantage, major cities such as Indore and Bhopal in Madhya Pradesh offer affordable cost of business operations and cost of living which are available at less than half the cost at metro cities in the country.

3. Need for a GCC policy

While Madhya Pradesh has a developing IT-ITES ecosystem, attracting Global Capability Centres can provide significant benefits in terms of enhancing the ecosystem, attracting foreign investment, creating jobs, developing skills, improving global connectivity, and driving infrastructure development. By implementing a robust incentive policy, the state can position itself as a competitive and attractive location for GCCs.

GCCs can create high-quality jobs, especially in the knowledge-based sectors, stimulating economic growth and development. These centers often require skilled professionals, leading to increased demand for education and training. Additionally, GCCs would attract related industries and suppliers, creating a multiplier effect on the local economy. They would contribute to the development of local talent and the transfer of knowledge and best practices. These centers often invest in training and development programs for their employees, enhancing their skills and expertise. Furthermore, they would facilitate the sharing of knowledge and best practices from global organizations to local businesses.

By implementing a comprehensive GCC incentive policy, Madhya Pradesh can position itself as a competitive and attractive location for global businesses, leading to economic growth, job creation, and skill development.

4. Vision

To position Madhya Pradesh as a leader in hosting Global Capability Centres (GCCs) by leveraging its skilled talent pool, fast improving infrastructure, and fostering research and innovation.

5. Objectives of the Policy

- i. **Attract GCCs** in the state to compliment the emerging IT/ITeS sector
- ii. **Promote economic growth** by creating jobs, stimulating investment, and fostering innovation
- iii. **Enhance the state's competitiveness** as a preferred destination for global businesses
- iv. **Develop focus sectors** like IT-ITES, ESDM, Manufacturing, Automobile and Pharmaceutical etc. and their capabilities
- v. **Create high-quality jobs** that require specialized skills and expertise
- vi. **Foster skill development** among local professionals through training, skill development, upskilling programs and knowledge transfer

6. Focus Sectors and Categorization of GCCs

Global Capability Centers (GCCs) are strategic units established by multinational companies to deliver specialized business services to their global operations.

In order to be eligible for the policy incentives, these proposed centres should focus on areas such as:

- i. **Sectoral Focus:** Focus Industry Sectors have been identified based on competitive strength and advantage of the state such as existing presence, geographical location, available infrastructure, talent availability, and growth potential. These are stated as follows:
 - a. Aerospace
 - b. Automobile/Automotive
 - c. Cement
 - d. Geographic Information System (GIS)
 - e. Information Technology and Information Technology Enabled Services (IT/ITeS)
 - f. Logistics
 - g. Metal and Mining
 - h. Pharmaceutical and Chemical Industry
 - i. Renewable and Green Energy
 - j. Textiles/ Apparel/ Knitting/ Embroidery/ Technical Textiles
- ii. For administering incentives, following minimum investment and employment criteria have been identified:

Category	Minimum Investment & Employment Criteria
A	Minimum CAPEX investment of at least ₹ 15 Cr and above in Madhya Pradesh Or Minimum employment creation of at least 500 employees
B	Minimum CAPEX investment of at least ₹ 50 Cr and above in Madhya Pradesh Or Minimum employment creation of at least 1000 employees

7. Fiscal Incentives for GCCs

Please refer to Eligible Unit & Eligible Activities defined in Section 13 below to ascertain eligibility for fiscal and non-fiscal incentives as per the Madhya Pradesh GCC Policy 2024.

7.1. Incentives as per MP IT, ITeS, and ESDM IP Policy 2023

Incentives available to **IT/ITeS units in the Madhya Pradesh IT, ITeS & ESDM Investment Promotion Policy 2023** would be made available to GCCs establishing operations in the state. The brief of applicable incentives is given below:

Head	Incentive	Relevant Section from MP IT, ITeS, and ESDM Policy 2023
Rebate on Land	Up to 75%	Section 12.3
Interest Assistance	6% up to ₹5 Cr	Section 9.1.1.2

Stamp Duty & Registration Charges reimbursement	100%	Section 9.1.3.4
Rental/Coworking Rental Assistance	up to ₹3 Cr & ₹10 Cr	Section 9.1.2.1
Marketing Assistance	50% subsidy on expenses for attending National and International events up to ₹2 lakh	Section 9.1.3.1
Quality Certification Assistance	50% subsidy up to ₹6 lakh	Section 9.1.3.2

7.2. Additional Financial Incentives to GCCs

7.2.1. CAPEX Subsidy

CAPEX Subsidy at the rate of 40% of ECI maximum up to ₹15 Cr to 'Category A' GCC and up to ₹30 Cr to 'Category B' GCC unit in 7 equal annual instalments post commencement of commercial operations within eligible investment period.

The land cost shall be excluded in CAPEX investment in case eligible unit avails land rebate for the proposed project. *Capex subsidy would be applicable only in case of creation of fixed assets in the form of buildings and machinery.*

7.2.2. Payroll Subsidy

GCCs are light on capital investment but require heavy investments in talent. The pay scales of workers employed in GCCs is almost 1.2 times as compared to traditional IT/ITeS industry. Eligible GCCs will be provided '**Payroll Subsidy**' by the state for establishing operations in Madhya Pradesh for 3 years from the commencement of commercial operations. Payroll Subsidy will be provided for each employee with salary over ₹ 1 lakh up to 100 employees annually with a capping of ₹ 1 lakh, i.e., ₹ 12 lakh per employee per annum for year 1.

The payroll subsidy is bracketed as below:

Year	Percentage of Payroll Subsidy
Year 1	50%
Year 2	30%
Year 3	20%

7.2.3. Patent Assistance

At present, the Madhya Pradesh IT, ITeS, & ESDM Investment Promotion Policy 2023 provides 'Assistance for filing patents' to IT/ITeS units of ₹ 5 lakhs for domestic & ₹ 10 lakhs for international patents.

As GCCs work extensively in IP creation, more attractive patent assistance is available for eligible GCCs. 100% assistance for filing patents up to **₹ 20 lakhs for domestic & ₹ 30 lakhs for international patents in the policy once per annum.**

7.2.4. Hosting/Co-Hosting Events Assistance

Eligible GCCs hosting/cohosting events in the state of Madhya Pradesh will be provided 'Hosting/Co-Hosting Events Assistance' of one-third of the cost up to **₹ 25 lakhs** for hosting/cohosting events/conferences (up to 2 per annum) in Madhya Pradesh.

7.2.5. Research and Skill Development

Around 70% of GCCs in India have already adopted formal training and skill enhancement programs to amplify the capabilities of their workforce. GCCs in India are establishing innovative labs and knowledge centers to promote creativity and collaboration.

Eligible GCCs setting operations in Madhya Pradesh should include dedicated R&D, upskilling, and training centers to ensure skilling and upskilling opportunities to the talent pool available in the state.

7.2.6. Skilling Reimbursement

Skilling reimbursement will be provided to eligible GCCs at the rate of **₹50,000 per employee for course fee or 50% of the costs** for conducting training programs. The Skilling Reimbursement will be available for 3 years to eligible units capped at maximum 200 employees per annum. This benefit will be available only to employees who are domicile of Madhya Pradesh state.

7.2.7. Internship Support

Students qualifying under the qualifying criteria as per the Mukhya Mantri Seekho Kamao Yojana (MMSKY) will be awarded internship support of up to **₹10,000** as per the provisions of MMSKY. This benefit will be available only to interns who are domicile of Madhya Pradesh state.

7.2.8. R&D Support to Institutes

Dedicated support to academia will be provided, covering 100% of costs up to **₹50 lakh** per year per institute, specifically for Research and Development in the GCC shared spaces domain.

8. Non-Fiscal Incentives

The following exemptions under the relevant Acts will be available to eligible GCCs:

- i. Exemptions under Shops and Establishments Act:
 - a. Establishments as GCCs are exempted from the provisions related to opening and closing of shops and establishments and weekly closure of business subject to terms and conditions specified in Madhya Pradesh Shops and Establishments Act, 1958.
 - b. Women workers shall be allowed to work in night shifts subject to the conditions fulfilled by the employer relating to women workers' security and safety at workplace and during transit as per the provisions specified under Madhya Pradesh Shops and Establishments Act, 1958.
- ii. Women workers are allowed to work in any factory or manufacturing shop floor during night shift subject to the conditions as specified under the Factories Act 1948 and as per notifications issued.
- iii. Eligible GCC units are considered independent employers in the schedule of Minimum Wages Act 1948 so that the workers are classified separately, and their wages can be fixed as per their efficiency and skill level.

- iv. Units are allowed to maintain a unified register and return under 15 labor laws as per the notification issued by the Labour Department dated 24.06.2016.
- v. Exemptions for Eligible GCC units from inspections under *Madhya Pradesh Udyog Ki Sthapana Evam Parichalan ka Saralikaran Adhiniyam- 2023* from obtaining specified approvals and inspections for establishing and operationalising units in MP for 3 years. The below specified Acts and rules framed there under, barring inspections arising out of specific complaints. Under this provision, units shall be eligible for inspection only once every 5 years under the following acts:
 - a. Minimum Wages Act, 1948
 - b. Contract Labour (Regulation and Abolition) Act, 1970
 - c. Madhya Pradesh Shops and Establishments Act, 1958
 - d. Payment of Bonus Act, 1965
 - e. Equal Remuneration Act, 1976
 - f. Child Labour (Prohibition and Regulation) Act, 1986
 - g. Building and Construction Cess Act, 1996
 - h. Maternity Benefit Act, 1961
 - i. Payment of Gratuity Act, 1972

9. Centres of Excellence for AI & Cybersecurity

Government of Madhya Pradesh will provide dedicated support to encourage research and development of artificial intelligence, cybersecurity and related applications through GCCs in the state. Government will establish a new Centres of Excellence (CoE) for Artificial Intelligence (AI) and Cybersecurity in the state. These CoE will work on a hub and spoke model with industry and multiple academic institutions of excellence across the State. They would help to create compute capacity, curated datasets, responsible/ethical AI principles, startup acceleration facilities and other support needed to build the AI ecosystem.

The CoE will be developed in a Public Private Partnership Model with a **50:50** sharing ratio. The Government of Madhya Pradesh will support state of the art R&D facilities in the domains of AI and Cybersecurity to enhance the state's reputation as one of the leading emerging GCC hubs in the country. The Government of Madhya Pradesh will bear **50% of the project cost** involved in establishing such CoE with a **capping of ₹ 10 cr.**

10. Madhya Pradesh Innovation Clusters

The Government of Madhya Pradesh will extend its support to the GCC ecosystem by facilitating the establishment of Innovation Clusters within the state. These clusters will serve as collaborative platforms for organizations within specific sectors to jointly engage in innovation and research and development activities. By sharing common facilities, these clusters will catalyse growth and foster the development of Global Capability Centers (GCCs) in the state.

The Government of Madhya Pradesh will contribute 50% of the project cost for establishing these Innovation Clusters, subject to a maximum cap of ₹25 crores. These clusters will play a crucial role in developing a skilled talent pool, thereby attracting more GCCs to the state. Additionally, they will offer global leadership development programs, which will be instrumental in propelling the state's growth trajectory.

To maximize their impact, these Innovation Clusters will be strategically located in regions with existing industrial presence. This strategic approach will enable the ecosystem to thrive and give rise to groundbreaking products and services.

11. Implementation and General Conditions

- i. The Policy will come into force on the date of its notification and will remain in force for a period of 5 years or till a new policy comes into force, whichever is earlier.
- ii. The Nodal Agency, as defined in the policy shall process the incentive applications under this policy. A Policy Implementation Unit (PIU) shall be set up by the Nodal Agency with adequately staffed professionals to support in managing the policy implementation headed by a designated Nodal Officer.
- iii. Nodal Agency will perform all the calculations, approval, and disbursements of incentives/reimbursements to all eligible units under this policy.
- iv. For this policy, Madhya Pradesh State Electronics Development Corporation Limited (MPSeDC) will act as a nodal agency for undertaking formalities related to project clearance and facilitation. MPSeDC to make use of single window clearance mechanism for all financial assistance, required permissions, approvals, applications, and any other related processes.
- v. Department of Science and Technology, Government of Madhya Pradesh will formulate rules, and implementation guidelines for this policy.
- vi. Department of Science and Technology, Government of Madhya Pradesh will reserve the right to add or amend the nodal agency.
- vii. In case of interpretation of the rules/provisions of this policy, the decision/interpretation/clarification by the Department of Science and Technology, Government of Madhya Pradesh shall be considered as final and binding.
- viii. Additional Chief Secretary/Principal Secretary/Secretary, Department of Science and Technology, Government of Madhya Pradesh will be the appellate authority in all matters related to this policy.
- ix. Units can apply for any of the above fiscal incentives only after the start of commercial operations.
- x. Units whose commercial operations have commenced after the notification of this policy will be eligible to avail benefits under this Policy.
- xi. If there are two investment policies of State Government of Madhya Pradesh providing incentives/benefits to GCCs, units shall be eligible for claiming incentives/benefits under one incentive head only.

12. Definitions

- i. **Eligible Unit/GCC:** GCCs would be defined as centralized units that handle specific business functions for multinational corporations, such as finance, HR, procurement, and analytics and should be wholly owned subsidiaries of multinational corporations. Operational scope would include internal back-office operations, shared services, and Centers of excellence, R&D but would exclude typical IT and ITES services like software development, BPO, and call Centers for third party clients.
- ii. **Eligible Activities:** Eligible Global Capacity Centre (GCC) Activities:
 - a. **Strategic Planning:** Developing and implementing long-term business strategies for the parent company.
 - b. **Financial Management:** Handling global financial operations, including budgeting, forecasting, and financial analysis.
 - c. **Global Supply Chain Management:** Managing and optimizing the global supply chain, including procurement, logistics, and inventory management.
 - d. **Advanced Analytics:** Performing complex data analysis to support decision-making and innovation.
 - e. **Research and Development (R&D):** Conducting research and developing new products, services, and technologies.
 - f. **Centres of Excellence:** Establishing specialized units focused on innovation, process improvement, and best practices.
 - g. **Global Vendor Management:** Overseeing relationships with global suppliers and service providers.
 - h. **Compliance and Risk Management:** Ensuring adherence to regulatory requirements and managing risks across global operations
 - i. **Talent Management:** Overseeing global recruitment, training, and development programs.
 - j. **Employee Relations:** Managing employee engagement, performance management, and compliance with labor laws.
 - k. **Compensation and Benefits:** Designing and administering global compensation and benefits programs.
 - l. **HR Analytics:** Using data to drive HR strategies and improve workforce planning.
 - m. **Financial Planning and Analysis:** Conducting budgeting, forecasting, and financial analysis to support strategic decision-making.
 - n. **Accounting and Reporting:** Managing global accounting processes, financial reporting, and compliance with international accounting standards.
 - o. **Treasury Management:** Overseeing cash management, investments, and risk management.
 - p. **Internal Audit and Controls:** Ensuring robust internal controls and conducting audits to safeguard assets and ensure compliance.

Note: The above-mentioned list is not exhaustive in nature and the Nodal Agency can amend the list of eligible activities as and when required. Please refer to the Nodal Agency's website for latest list of eligible activities.

- iii. **Eligible Capital Investment (ECI):** Commonly known as CAPEX are costs borne by eligible GCCs which would be considered admissible for ascertaining their category (A or B) for availing incentives under this policy. This would include expenses made on land, building, and plant & machinery (including computers, R&D equipment, networking

hardware, software and related fixed assets directly related to operations of the eligible GCCs. Land cost shall be excluded in case the eligible GCCs is availing land subsidy for the proposed project.

- iv. **Ineligible Capital Investment:** includes working capital, goodwill, preliminary and pre-operative expenses, interest capitalized consultancy charges, royalty, design and drawings. Such expenses will not be considered while ascertaining capital investment of eligible GCCs.
- v. **Emerging Technologies:** Emerging technologies are modern technologies whose development or practical applications, or both are still largely inherent, such that they are emerging into eminence from a background of nonexistence or ambiguity. Few of the emerging technologies include Artificial Intelligence, Cyber Security, Block chain, Advanced data analytics, Biotechnology.
- vi. **Entity:** Private Limited Entity (as per the Companies Act 2013), a Registered Partnership Firm (under the Partnership Act, 1932) or Limited Liability Partnership (under the Limited Liability Partnership Act, 2008).
- vii. **Innovation Labs:** Innovation Labs are spaces to foster open innovation. They provide market insights, develop industry expertise, in collaboration with other stakeholders.
- viii. **Nodal Agency:** For this policy, Madhya Pradesh State Electronics Development Corporation Limited (MPSeDC) will act as a nodal agency.
- ix. **Reimbursement:** Compensation given by the State/ public body/ organization for a defined expense by giving them an amount equal to what was agreed upon.
- x. **Research & Development:** R&D is a systematic and creative process that involves expanding the body of knowledge and applying it to develop innovative solutions. It encompasses three primary activities: basic research, applied research, and experimental development. Basic research focuses on fundamental scientific discoveries without immediate commercial applications. Applied research, on the other hand, aims to acquire new knowledge to address specific problems or challenges. Experimental development involves applying existing knowledge to create new materials, products, and processes. A key characteristic of R&D is its focus on novelty and uncertainty, requiring the resolution of complex problems that cannot be easily solved using existing knowledge and techniques.

13. Abbreviations

- AI - Artificial Intelligence
- CoE – Centre of Excellence
- CAPEX – Capital Expenditure
- GCC – Global Capability Centres
- GIS- Geographic Information System
- GoMP – Government of Madhya Pradesh
- MNC- Multinational Corporation
- MPSeDC- Madhya Pradesh State Electronics Development Corporation
- R&D – Research and Development

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