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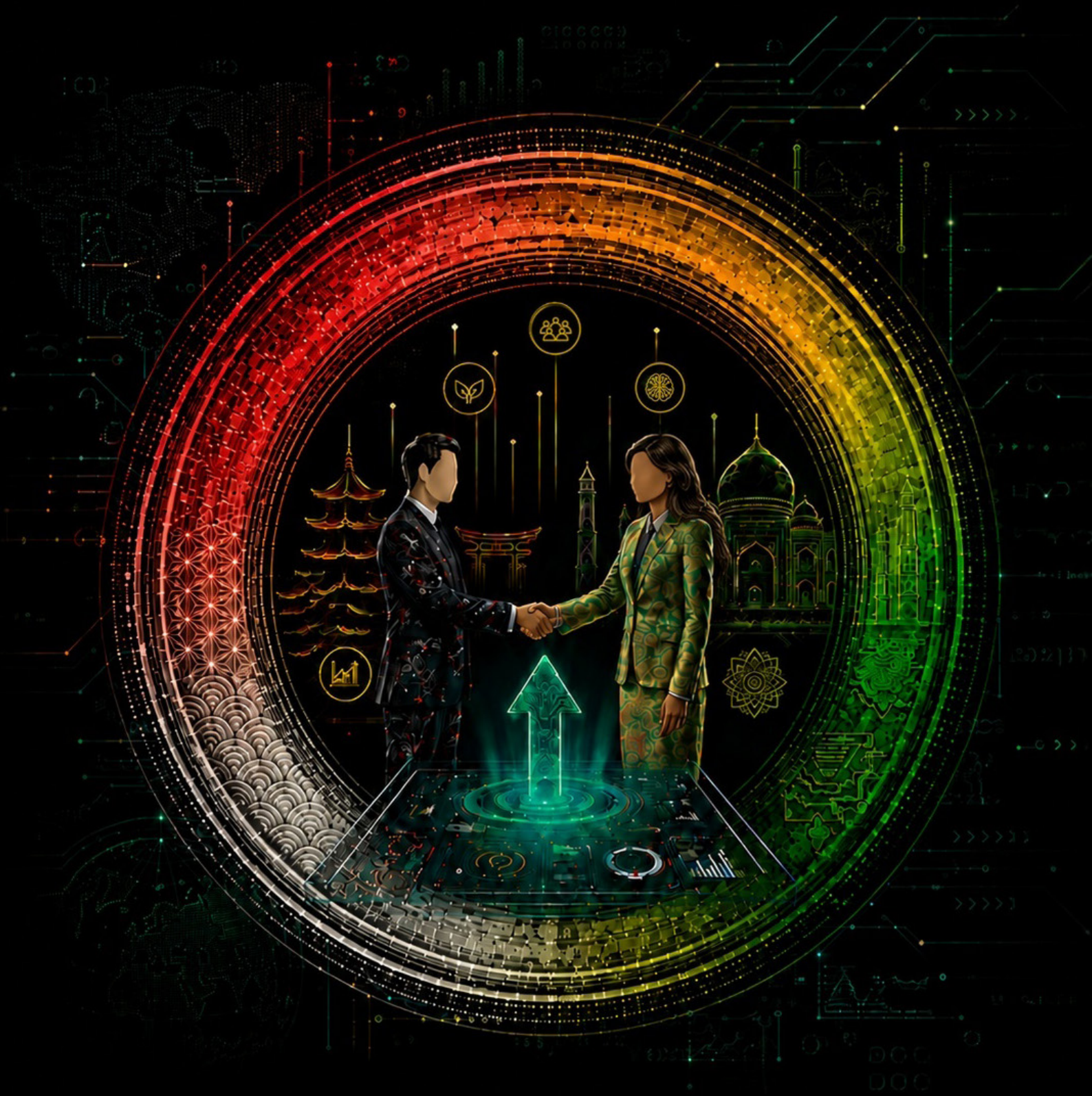

India’s strategic GCC play for Japanese enterprises

June 2026

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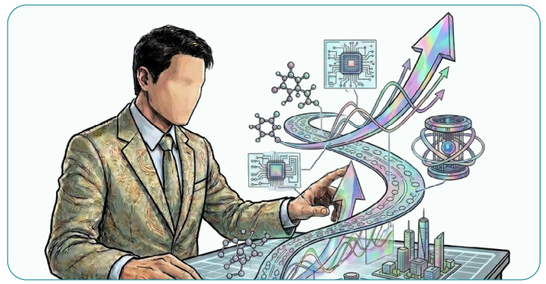

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India’s strategic GCC play for Japanese enterprises

Foreword

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India’s Global Capability Centre (GCC) ecosystem has evolved into one of the most dynamic engines of global enterprise transformation. Over the past two decades, the country has progressed from being a destination for cost-efficient service delivery to becoming a global hub for innovation, digital engineering, advanced analytics and product development. India now accounts for more than half of the offshore GCCs established worldwide. This positions the country as a key shaper of resilient, technology-driven operating models for multinational organisations.

Within this evolving landscape, Japanese corporations are entering a particularly important phase of engagement with India. Historically cautious in adopting large-scale offshore capability models, Japanese enterprises are now accelerating their investments in India to address structural shifts in the global economy. Demographic challenges in Japan, the urgency of digital transformation and the growing need for advanced engineering and software capabilities have encouraged companies to rethink traditional delivery models. India’s deep STEM talent pool, vibrant start-up ecosystem, expanding digital infrastructure and improving policy environment together provide a compelling platform for this transformation.

This report, State of Japanese GCCs in India, examines how Japanese multinational corporations are drawing on India to build next-generation capability hubs that extend far beyond traditional support functions. These centres are increasingly taking on strategic roles in automotive engineering, embedded systems, AI, cloud technologies, FinTech platforms, robotics, digital manufacturing and advanced analytics. They combine Japan’s strengths in precision engineering, quality discipline and long-term orientation with India’s scale, speed and digital expertise.

At the same time, the growth of Japanese GCCs in India reflects a broader strengthening of the India–Japan strategic collaboration. Bilateral cooperation across areas such as industrial competitiveness, digital technologies, semiconductors, mobility and talent mobility has created a supportive ecosystem for corporate investment and collaboration. These developments are enabling Japanese companies to position India as a long-term collaborator in innovation, resilience and future market development.

The report provides a comprehensive view of this evolving landscape, covering the scale and sectoral distribution of Japanese GCCs, their functional scope, emerging operating models, policy enablers and the opportunities and challenges shaping their next phase of growth. It also explores how Japanese enterprises can further deepen their engagement with India by investing in leadership integration, building sustainable talent pipelines, strengthening ecosystem collaborations and embedding innovation mandates into their GCC strategies.

As the global GCC sector enters a new era defined by technology-led transformation and distributed innovation, the collaboration between Japan and India stands at a promising inflexion point. The coming decade will likely see deeper integration between Japanese headquarters and India-based capability centres, enabling companies to accelerate innovation, diversify operational risk and unlock new sources of value creation.

We hope this report provides leaders, policymakers and industry stakeholders with meaningful insights into the strategic importance of Japanese GCCs in India and the opportunities that lie ahead for both economies as they shape the next generation of global capability networks and collaboration.

Executive summary

India’s strategic GCC play for Japanese enterprises

Japanese enterprises’ presence in India’s GCC landscape has entered a decisive phase, marked by the need for enhanced engineering capacity, accelerated digital transformation and sustained talent development. India’s GCC ecosystem is moving beyond cost-focused operations towards higher-value, innovation mandates. In response, Japanese enterprises are scaling their India centres to deliver advanced work across automotive engineering, embedded systems, AI analytics, cloud, FinTech and digital manufacturing. India’s GCC footprint is expected to grow multifold, with the sector’s net economic impact, including indirect and induced effects, potentially reaching US$470–US$600 billion by FY2030. Under this growth trajectory, total employment generation could reach 20–25 million people, including 4–5 million[1] direct jobs. GCCs could evolve from a support engine into a major value creation powerhouse, contributing an estimated 2.2–2.8 percent of India’s GDP by 2030 and reinforcing their strategic role as a core pillar of the knowledge economy.

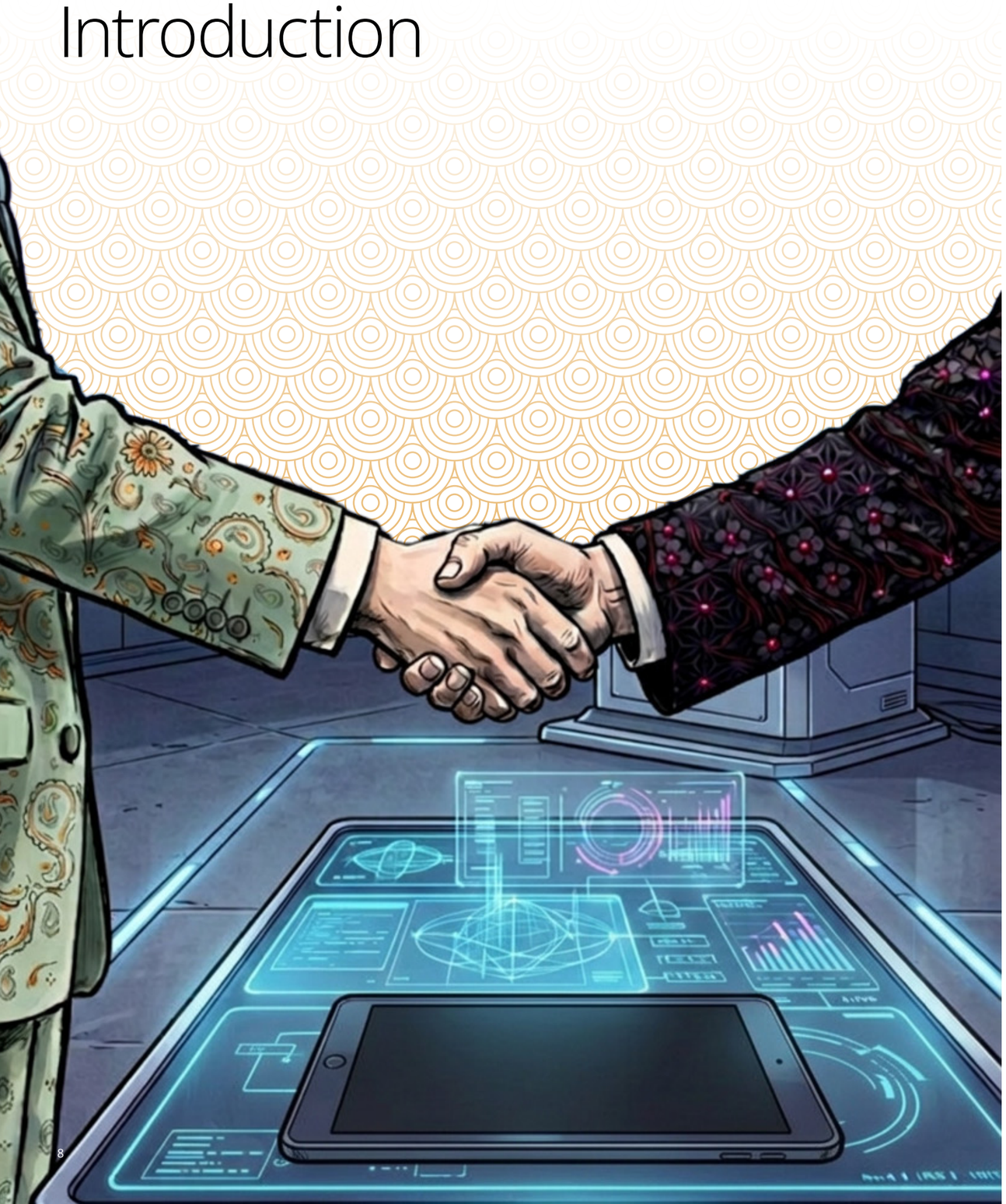
This shift is reinforced by India’s expanding Science, Technology, Engineering and Mathematics (STEM) talent base, strong university linkages and improving digital infrastructure, which together offer a sustainable solution to Japan’s demographic constraints and rising technological demands.

Stronger bilateral cooperation has provided further momentum. Recent collaborations in industrial competitiveness, digital technologies, mobility and semiconductors have facilitated a predictable regulatory environment and enhanced Japanese firms’ access to India’s innovation networks. As a result, many Japanese GCCs are evolving into capability hubs that blend Japan’s quality orientation with India’s speed, problem-solving ability and technology depth. While tier-1 cities continue to anchor most operations, emerging tier-2 locations are drawing interest due to competitive costs, state incentives and access to specialised talent pools.

The next stage of growth will depend on how effectively Japanese companies integrate leadership across India teams and headquarters and build structured career pathways. It will also hinge on modernising legacy processes through capabilities such as AI, ER&D and automation, while strengthening cultural alignment to drive value creation and global competitiveness. With India’s GCC sector set for significant expansion, companies that embed long-term capability and innovation mandates now will gain the most decisive advantage. For Japanese corporations, India is evolving from a delivery base into a strategic hub for technology development, operational resilience and future market growth.

[1]https://www.cii.in/PublicationDetail.aspx?enc=l2T0EiNJOH4bK2G4VEL5Ei+OWTK5Qz78IRdOSe0ZezM=

Introduction



GCCs are offshore or nearshore captive centres set up by global organisations to deliver enterprise-critical capabilities across functions such as finance and accounting, HR, IT, supply chain and procurement, with an increasing focus on R&D, innovation and product development. Over the last decade, GCCs have transitioned from *‘cost-arbitrage-driven back-office support captives’ to ‘global enterprise hubs of resilience and digital acceleration,’* playing a central role in driving centralisation, efficiency, resilience and long-term value creation. India has emerged as the preferred destination for global enterprises, hosting over 2,100 GCCs and accounting for more than half of all GCCs established worldwide. This underscores India’s position as the world’s most significant GCC destination. The number of GCCs in India is expected to exceed 5,000 by 2030, highlighting India’s emergence on the world stage as the preferred destination for GCC setup and expansion.[2] This ecosystem maturity, combined with abundant talent capabilities, has made India a default location for enterprises seeking to build and expand global in-house capabilities.

Figure 01: India’s GCC landscape

GCC presence in India

2100+

Established GCCs in India

~50 percent

GCCs have ownership mandates and a transformation agenda

~25 percent

Forbes Global 2000 companies have GCCs in India

~2.6X multiplier in direct Gross Value Addition (GVA) contribution from GCCs

Multifunctional and ER&D-Led GCC Evolution

90+ percent

India’s GCCs are multifunctional

~48 percent

India’s GCCs from the APAC region has ER&D-led functions

[2]https://community.nasscom.in/communities/nasscom-insights/gcc-value-orbit-delivery-engine-enterprise-nerve-centre

GCC employment status

2.36 million professionals
Installed GCC talent base

~28 percent
India's AI-talent (as a percentage of the global GCC pool)

250K+
AI/ML professionals in Indian GCCs

India's talent base

~6 million
India's direct tech sector employment up by 2.3 percent (compared to FY25)

~2.5 million
STEM graduates annually, representing ~34 percent of all graduates

India's innovation and start-up ecosystem

2,23,000
Total start-ups in India

129
Indian start-ups in Unicorn Club

23.36 lakh
Direct jobs

*Note: The above stats are as of March 2025
Sources: CII-Deloitte GCC Business Summit report, DNB GCC Report, Nasscom GCC report 2026, Nasscom GCC Communities, Nasscom Strategic Review report 2026, PIB and Inc42

India as a GCC destination: Scale, evolution and maturity

Indian GCCs are operating as integrated capability hubs, bringing together engineering, data, cybersecurity and operations to run critical enterprise work. This maturity shows up in standardised controls, higher reliability expectations and clearer decision rights. Today, Indian GCCs are embedded into global decision-making, owning end-to-end processes and mission-critical platforms.

- Approximately 64 percent of the GCCs in India serve US-headquartered organisations, while about 28 percent support companies based in Europe, the Middle East and Africa (EMEA) and 8 percent cater to Asia-Pacific (APAC)-headquartered firms.[3]
- Over 70 percent of Indian GCCs are anchored in Banking, Financial Services and Insurance (BFSI), Consumer Packaged Goods (CPG), Industrials/Automotives and Technology sectors, while the rest are spread across healthcare, energy and professional services.[4]
- Approximately 94–95 percent of GCCs in India continue to be concentrated in tier-1 cities such as Bengaluru, Hyderabad, Pune, Chennai, Mumbai and Delhi NCR, due to their mature infrastructure, ecosystem readiness and deep talent availability. However, tier-2 and tier-3 cities are gradually increasing their presence within the GCC landscape. Approximately 5 percent of GCCs established in India during 2025–26 were located in emerging tier-2/3 cities, indicating a gradual expansion of GCCs operations beyond metropolitan hubs. Tier-2/3 cities are emerging as credible alternatives, driven by cost advantages, growing infrastructure and expanding local talent pools.[5]
  - **Tier-1 cities:** Major metropolitan hubs with advanced infrastructure, high office space absorption and established business ecosystems.
  - **Tier-2/3 cities:** Small urban centres with developing infrastructure, lower operational costs and increasing focus on technology and innovation.

The next phase of GCC growth is expected to be shaped by tier-2 cities, supported by improved digital infrastructure, competitive cost structures and recent policy initiatives, including proposals under the Union Budget of the Government of India 2025–26, which aim to enable GCC expansion beyond major metropolitan cities.

Rising prominence of Japanese GCCs in India

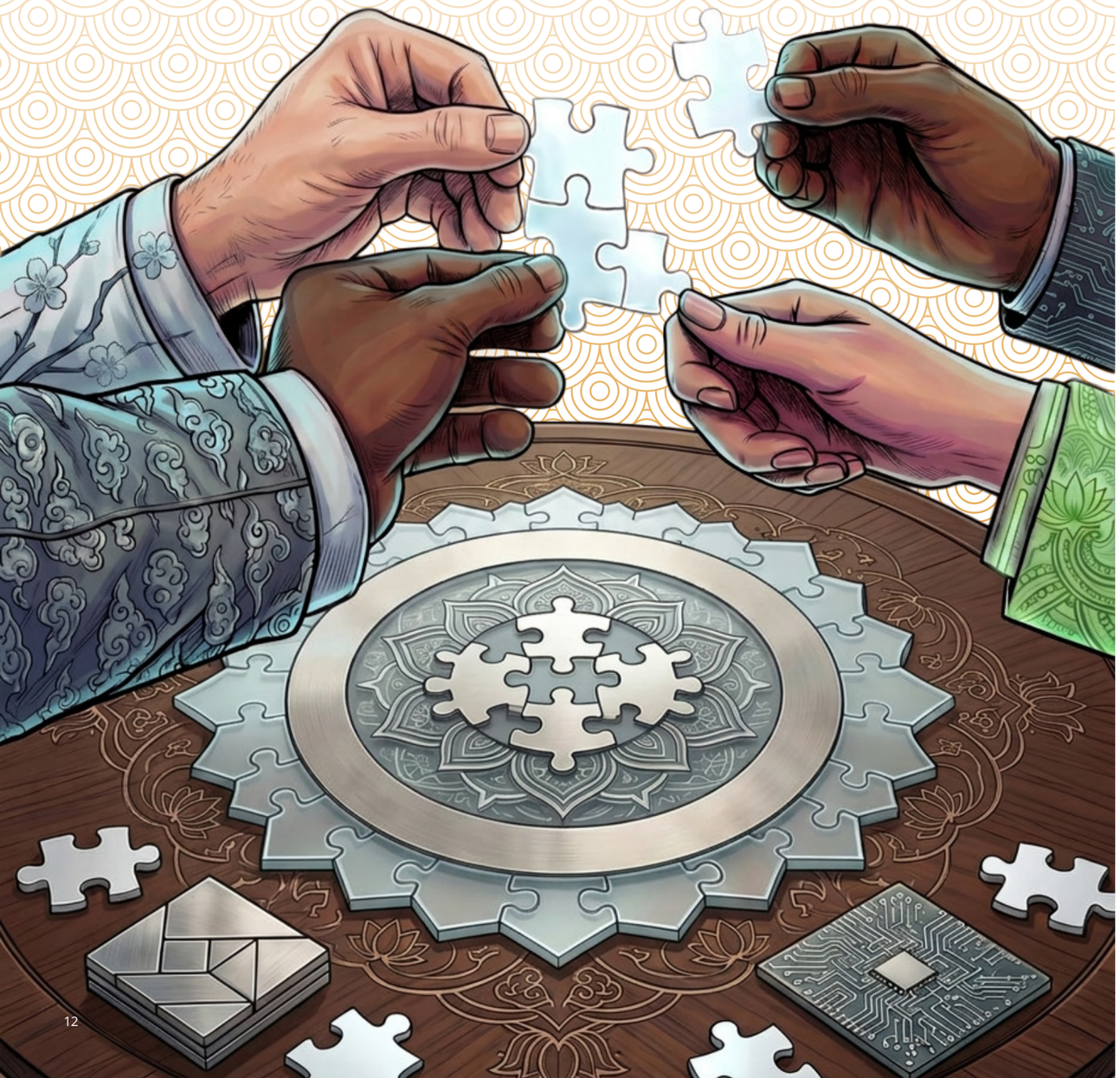
Within this broader GCC expansion in India, Japanese enterprises are emerging as a distinct and growing cohort. Historically conservative in offshoring and captive delivery models, Japanese organisations are now re-evaluating their global operating structures in response to talent shortages, digital transformation imperatives and the need for scalable innovation.

India's combination of engineering depth, digital talent, operational discipline and long-term scalability aligns closely with the evolving priorities of Japanese corporations. In addition, India's strong presence in manufacturing-adjacent capabilities, automotive engineering, embedded systems and enterprise technology makes it a natural collaborator for Japan's core industries.

This alignment is increasing interest among Japanese firms in setting up and scaling GCCs in India to support global operations and build future-ready capabilities. Another increasingly important driver is supply chain de-risking. As Japanese companies adopt a China-plus-one strategy to reduce concentration risk, India is emerging as both a manufacturing alternative and the engine that designs, digitises and de-risks that diversification. In this context, a GCC becomes a strategic tool for resilience, not only a cost or talent lever.

[3] https://www.cii.in/PublicationDetail.aspx?enc=l2T0EiNJOH4bK2G4VEL5Ei+OWTK5Qz78IRdOSe0ZezM=
[4] https://www.cii.in/PublicationDetail.aspx?enc=l2T0EiNJOH4bK2G4VEL5Ei+OWTK5Qz78IRdOSe0ZezM=
[5] https://nasscom.in/knowledge-center/publications/gcc-value-orbit-delivery-engine-enterprise-nerve-centre

Overview of Japanese companies operating GCCs in India



Within the broader Indian GCC ecosystem, Japanese multinationals are steadily expanding their footprint, focusing on capability-oriented presence, driven by a sustained increase in Japanese investments across GCCs in the post-COVID era. Japanese GCCs in India represent a dominant share (among Japan, Singapore and Australia) within the APAC region, accounting for over 50 percent in terms of the number of GCCs by region and country of origin (present in India).[6] This is reflected in several new centres announced through 2023–24, with continued momentum into 2025–2026 as well. Moreover, Japanese GCCs are increasingly collaborating with Indian start-ups, academia and technology ecosystems to accelerate R&D and innovation. These evolving GCC industry trends indicate that Japanese GCCs have transitioned beyond transactional back-office work to establish centres focused on engineering, automotive systems (including EVs and embedded software), robotics, digital manufacturing, AI and other emerging sectors.

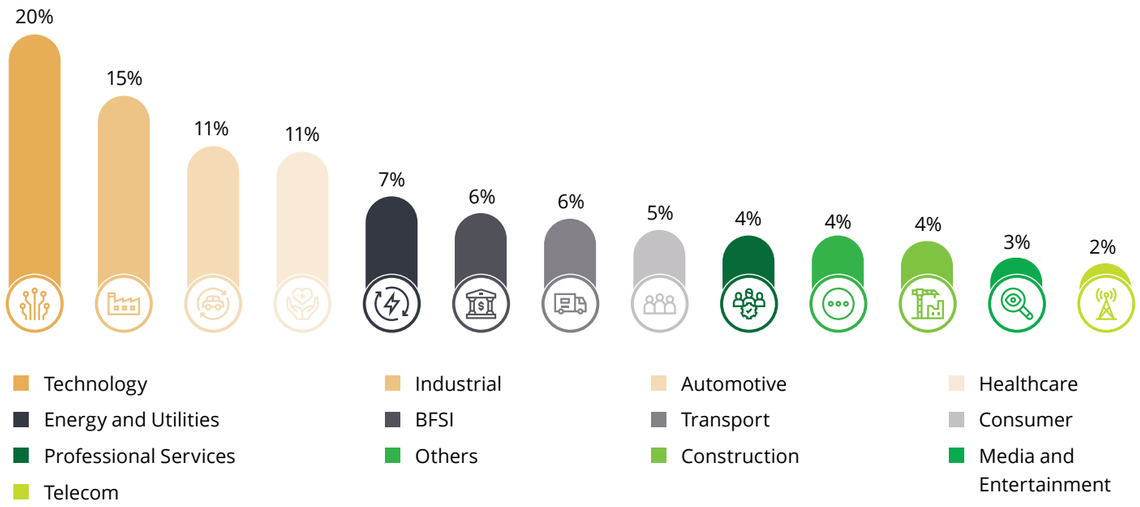
Scale and presence

Among APAC-headquartered companies operating GCCs in India, Japan represents the largest cohort, with over 100 companies, accounting for about 5–6 percent of India's overall GCC ecosystem.[7]

Industry/Sector landscape

Japanese GCCs in India span all major sectors, with technology, industrial, automotive and healthcare together accounting for more than half of the total Japanese GCC presence in the country.[8]

Figure 02: Share of Japanese GCCs* in India, by Sector, March 2025



Source: Deloitte Insights
*Note: The above stats include sector-wise GCCs data where the number of GCCs is not exclusive, and a few GCCs could be repeated across multiple sectors

[6] https://www.vekpolicy.com/wp-content/uploads/2025/04/GCCs-Landscape-in-India_-April-2025.pdf
[7] Deloitte Insights
[8] Deloitte Insights

Key sectors anchoring Japanese GCCs' presence in India:

- In the **technology** sector, electronics remains a core pillar. Japanese firms are aligning closely with India's expanding ecosystem to advance product innovation and digitally enabled supply chains. India-based centres are increasingly focused on embedded systems, hardware-software integration and scalable, manufacturing-ready platforms, supported by strong talent across AI, automation, mobility and IT services. Japanese GCCs are also accelerating legacy modernisation and cloud migration, strengthening digital backbones for global operations. At the same time, firms are shifting towards higher-value, sustainable segments such as HVAC, smart living and digital energy solutions.[9] This transition is driven by the combination of India's engineering depth and Japan's manufacturing expertise, with ecosystem collaborations playing a key role in co-developing next-generation solutions.
- Within the **industrial** sector, encompassing manufacturing and engineering domains, Japanese GCCs are modernising their roles from transactional support to managing smart-factory technologies, process engineering, automation and IoT platforms. GCCs are enabling the localisation of advanced technologies across sectors such as electronics, air conditioning and space defence, often in collaboration with Indian industry players.
- In the **automotive** sector, Japanese GCC facilities are increasingly focusing on powertrain engineering, EV component design and autonomous vehicle R&D. For instance, one of the prominent Japanese automobile companies is setting up its first India R&D centre in Bengaluru, scaling to ~1,000 engineers by 2027.[10] GCCs are also broadening their collaborations beyond vehicles by co-developing hydrogen fuel-cell trucks and green hydrogen microgrid solutions, enabling rapid prototyping and joint development of next-generation technologies.
- Beyond these anchor industries, Japanese investment in India's **healthcare and MedTech** sector is gaining traction, with GCCs supporting digital health tools, medical device engineering and analytics for global markets. These centres serve as strategic hubs for R&D, digital transformation and innovation, thereby moving beyond traditional support functions to focus on advanced initiatives such as AI-driven drug discovery, precision medicine, robotics, cloud computing and GenAI.[11]
- The **energy and utilities** sector is emerging as a strategic anchor for Japanese GCC expansion in India, driven by the convergence of decarbonisation goals, infrastructure modernisation and industrial energy demand. This translates into a rising focus on capabilities, such as smart grid analytics, energy management platforms, sustainability reporting and digital twins for energy infrastructure. Prominent Japanese conglomerates are deepening their presence in India across power systems, grid infrastructure and renewable energy, with India increasingly serving as a global hub for engineering, digital solutions and operational excellence in these domains. In parallel, Japanese trading houses are entering India's clean energy ecosystem through collaborations with local players to supply renewable power to Japanese corporates operating in India, reflecting a growing captive demand model. This sectoral push is further reinforced by Japanese financial institutions backing large-scale transmission and renewable projects, highlighting confidence in India's energy transition and infrastructure pipeline.
- Japanese **financial institutions** are increasingly placing key digital operations, risk analytics and compliance platforms across India-based GCCs. The aim is to tap India's talent for global operations while accelerating digital transformation and regulatory readiness. FinTech GCCs are adopting hybrid operating models that blend Japan's precision-driven innovation with India's execution and expertise. Moreover, they are co-developing IP and scalable digital platforms that provide 24/7 services across application layers and the banking infrastructure.[12] For instance, a prominent Japan-based life insurance company collaborated with an Indian IT and business transformation firm to develop and diversify its in-house capabilities, thereby enhancing operational efficiency and driving innovation in delivering large-scale FinTech solutions.

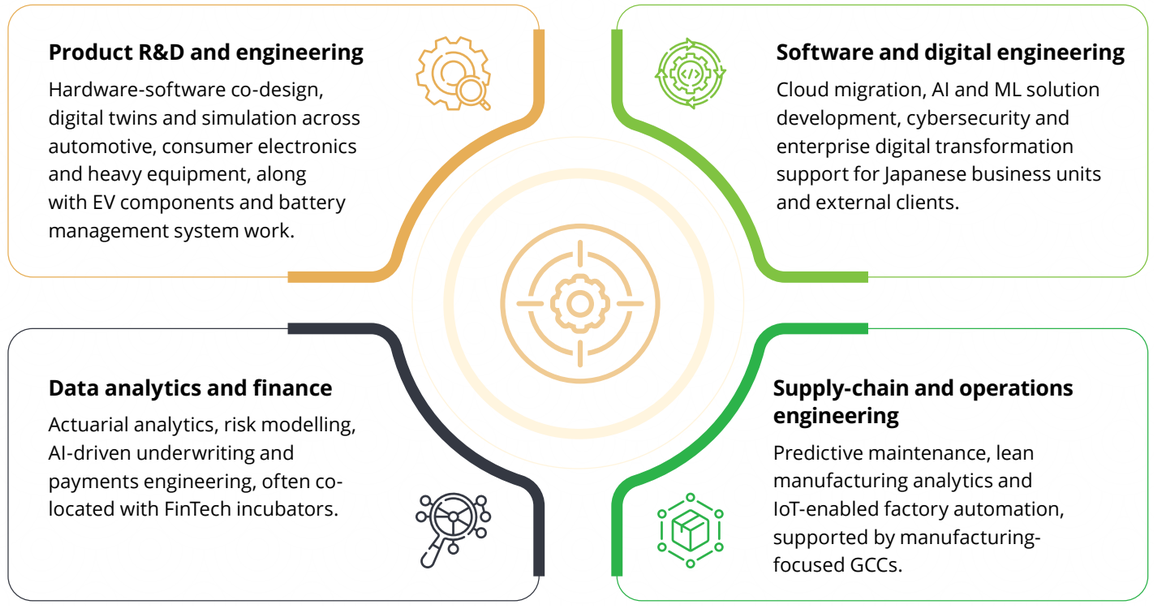
[9] https://www.industrialautomationindia.in/news/panasonic-ignition-2025-ignite-award-winners-nosh-rayiot-smart-living-innovation
[10] https://auto.economictimes.indiatimes.com/news/passenger-vehicle/toyota-plans-first-india-rd-centre-in-bengaluru-with-1000-engineers-by-2027/119289840
[11] https://www.biospectrumasia.com/analysis/50/26283/japans-strategic-medtech-alignment-with-india.html

India's strategic GCC play for Japanese enterprises

Across all the major sectors, Japanese GCCs in India are evolving into strategic, innovation-led hubs, moving well beyond cost optimisation to deliver deep engineering by combining India's scale, talent and technology ecosystem. This shift positions India as a long-term collaborator in Japan's transformation journey, embedding digital agility and sustainability at its core.

Functional scope

Japanese GCCs in India now operate as multidisciplinary centres of excellence spanning the product life cycle and the digital transformation agenda. Core functions include:



These shifts reflect a move from labour arbitrage to value creation, with India centres supporting faster product cycles, risk diversification and the build-out of next-generation capabilities.

Illustrative example

One of the prominent Japanese GCCs created a new revenue stream and improved end-customer visibility to 90 to 95 percent from about 60 percent, enabling more precise renewal strategies. This also helped increase lifetime value and cross-sell opportunities.

[12] https://indianstartupnews.com/news/japans-unleash-capital-partners-closes-rs-300-crore-maiden-fund-to-back-indian-fintech-startups-10515559

Strategic location dynamics

Japanese multinational corporations continue to position India as a key part of their global delivery and innovation strategies, reshaping the traditional GCC model. They have traditionally favoured India's tier-1 cities for establishing their GCCs. These cities offer mature infrastructure, a robust talent pool and proximity to key business hubs. For instance, according to the JoulestoWatts (J2W) GCC Adoption Survey 2025, Bengaluru and Hyderabad have emerged as the most preferred locations, with over 60 percent of Japanese firms shortlisting them for their next phase of growth.[13] While these operations were earlier concentrated in tier-1 cities, the post-COVID period has driven a clear geographic shift. A growing number of Japanese GCCs are expanding into emerging tier-2 locations such as Ahmedabad, Jaipur, Coimbatore, Kochi and Indore, driven by structural advantages across cost, talent and policy support, including:

Cost efficiency

More competitive operating and real estate expenses relative to tier-1 cities.

Talent diversification

Access to specialised, domain-specific talent, particularly in areas such as cloud support and MedTech.

Policy support

State-led incentives and targeted initiatives to accelerate industrial growth in these regions.

Japanese GCCs are also strengthening collaboration with India's vibrant ecosystem of start-ups, SMEs and academic institutions to enhance co-creation and product localisation.

At the same time, improved urban connectivity, specialised IT parks and government-backed incentives are making India a more attractive and scalable base for Japan's regional and global operations.

However, the presence of Japanese companies remains strikingly limited, especially as global competitors are already using India to reduce costs and accelerate digital and technology transformation. The key opportunity lies in the remaining gap. Many mid-sized Japanese firms, particularly engineering-led companies and BFSI players, still lack a capability centre in India. For these firms, the next three to five years are a narrowing window to secure early advantages in talent, real estate and ecosystem linkages before the most competitive options are absorbed.

Business models for setting up GCCs in India

Japanese companies in India are using a range of business models to establish their GCCs. Each approach has its own strengths and limitations, underscoring the need for careful alignment with long-term business objectives. A clear understanding of each model's requirements is essential for building effective GCCs and fostering a stronger operating environment.

Key operating models adopted by Japanese firms while setting up GCCs in India:

Build-Operate-Transfer (BOT)

The BOT model provides GCCs with a structured, low-risk pathway to establish their presence in India. By using an experienced collaborator during the build and operate phases, Japanese firms can ensure faster setup, smoother compliance navigation and access to an established talent ecosystem. The eventual transfer of operations empowers firms with full ownership and control, while retaining the operational maturity, process discipline and cultural alignment cultivated during the initial stages. This approach lowers entry risks and speeds up scaling, making BOT a compelling model for Japanese enterprises entering India.

Example: A leading Japanese mutual life insurance company collaborated with a global business and technology transformation provider in India to establish its GCC through a BOT approach.

[13] https://www.businesstoday.in/industry/story/japanese-corporates-accelerate-india-gcc-expansion-heres-why-493082-2025-09-08

Companies can adopt two types of BOT models:

Pure BOT

Firms will collaborate with a service provider to establish a Global Business Services. The service provider may operate the facility for a few years before transferring ownership to the parent company.

Custom BOT

It consists of a combination of both Capital Expenditure (CapEx) and Operating Expenditure (OpEx) investments. In this case, the in-house centre manages operational tasks and vendor relationships.

Build an In-house centre (organic setup)

Build a new GCC from the ground up at a chosen location, providing parent organisations (single/multiple entities) with maximum control over operations, governance and intellectual property, ensuring alignment with HQ standards while safeguarding proprietary assets. This model enables firms to build long-term capabilities, nurture a strong organisational culture and create dedicated innovation hubs in India. By directly managing talent, infrastructure and processes, companies can drive strategic initiatives with agility, while also securing greater protection of data and sensitive technologies within a wholly controlled entity.

Example: At the beginning of 2025, a Japanese pharmaceutical firm announced the launch of its innovation capability centre in Bangalore, which will operate as a fully owned subsidiary.

Joint venture

The Joint Venture model offers a compelling pathway for organisations aiming to establish GCCs in India. By sharing ownership and management, companies can accelerate market entry, scale efficiently, mitigate execution risks and foster innovation through collaborative synergies. As the Indian GCC ecosystem continues to mature, firms that use the JV model will be well-positioned to balance risk and reward, respond dynamically to market opportunities and create a sustainable competitive advantage, provided they implement robust governance mechanisms to ensure alignment and seamless decision-making.

Further, in addition to these three models, Japanese firms can also consider fully outsourcing the GCC setup to a service provider or adopting a hybrid approach.

Example: A floating solutions provider for the oil and gas industry and an engineering consultancy and contracting company (Indian subsidiary) have entered into a joint venture agreement to set up GCCs in India.

Fully outsource

This model offers firms a faster, lower-risk pathway to establish GCC operations in India. The service provider manages all operational activities, and the client provides management oversight of the service provider’s operations. As India continues to strengthen its business-friendly policies, digital infrastructure and regulatory environment, fully outsourcing offers a de-risked, scalable and cost-efficient approach for establishing GCCs.

Figure 03: Classification of operating models of GCCs in India

Source: Deloitte Insights

Interpretation summary:

BOT: Quick start with moderate scalability and control
In-house GCC: Highest strategic value and scalability; slower setup and high CapEx
Joint venture: Balanced but dependent on collaborator synergy
Fully outsource: Fastest and cheapest to start; minimal control or long-term value

Demand drivers: Supporting Japanese GCCs in India

Japanese firms view India as a strategic location to solve long-term talent and demographic challenges at home while accessing engineering and digital capabilities at competitive costs. As innovation agendas strengthen, Japanese GCCs in India are evolving into strategic hubs for engineering, digital transformation and product development, extending well beyond conventional support roles.

> “The decision was driven less by traditional cost metrics and more by India’s digital and tech-savvy talent, which truly moved the needle for headquarters. India has ample talent for real innovation.”
>
> **-GCC leader of a leading Japanese multinational electronics company**

These centres represent a visible and rapidly growing segment of India’s GCC landscape, supported by greenfield investments and strategic expansions by Japanese firms. Some of the prominent examples include:

A multinational mass media conglomerate operating a GCC in India that delivers embedded software, enterprise applications and cybersecurity services supporting AI and ML-enabled IT capabilities for global operations.[20]

An energy and technology company whose India GCC acts as an innovation, design and global support hub for energy transition solutions, including grid automation, high-voltage systems and renewables.[21]

A leading Japanese automobile company’s GCC in Bengaluru is developing advanced EV battery technologies for its parent organisation.[22]

Collectively, these examples show Japanese GCCs delivering value through cost efficiency, specialised talent access and faster digital transformation.

India’s strategic advantage for Japanese GCCs

Clear structural and strategic forces drive the evolution of Japanese GCCs in India. Japan’s ageing workforce and shrinking domestic talent pool have heightened the need for offshore talent and 24×7 engineering capacity. At the same time, India’s talent advantages, including a large annual output of STEM graduates, deep expertise in software and systems engineering and competitive operating costs, make India an attractive location for both sustaining existing operations and incubating new product and digital initiatives.

Japanese firms are therefore using GCCs to reduce costs while accelerating product development cycles, accessing digital and AI skills, and tapping into India’s start-up ecosystem for co-innovation.

Figure 04: Key factors driving GCC establishment in India

Strong base of STEM and bilingual talent

- ~2.5 million STEM graduates annually, with capabilities across embedded systems, AI/ML, cloud and cybersecurity
- "Year of AI" (2025) to impact 40 million professionals, enhancing digital employability
- Japanese language talent is limited but growing through academic collaborations and dedicated centres in Karnataka, Tamil Nadu, Maharashtra and Delhi NCR, bridging the cultural gaps

Cost and scalability edge over Japan and nearshore regions

- ~30–40 percent lower GCC operational expenses, enabling substantial savings and enhancing both wage arbitrage and scalable talent pipelines
- Strong hiring ecosystem and IT network enable rapid scale-up

Bridge Japan's talent gap and accelerate digitalisation

- Japan's ageing population (36.2 percent aged 60+ and ~30 percent aged 65+, as of 2025) has contributed to a shrinking workforce, which constrains R&D capacity and the pace of digitalisation
- Indian GCCs can accelerate digital adoption and reduce time-to-market for innovation

Enhanced bilateral initiatives

- Dedicated Japanese industrial townships in key states offer a **stable investment ecosystem**
- **Bilateral initiatives** (IJICP) and tech collaboration help **streamline market entry** and ensure a **stable, long-term policy environment**
- Skill-linkage programmes (JICA) **strengthen workforce readiness** for Japanese GCCs

Sources: OECD Employment Outlook, The Economic Times, The Hindu, JoulestoWatts (J2W) GCC Adoption Survey 2025, AICTE – Year of AI, ET Edge, Nasscom and ESCAP

The initial impetus for Japanese firms to set up GCCs in India was cost reduction. However, the strategy has evolved with time. Currently, Japanese MNCs are focusing on:

Digital transformation
Using India's digital ecosystem to accelerate innovation.

Uninterrupted global operations
Establishing round-the-clock operations to serve global markets.

Research and development
Setting up R&D centres to drive product innovation and technological advancements.

> "We started initially with small-scale, focusing on operational support, 24×7 service teams and limited engineering functions. Once we proved our capability and reliability, the global headquarters approved expanding the India presence into a full-fledged R&D and product innovation centre."
>
> **-GCC leader of a prominent Japanese technology and internet services company**

For Japanese companies, this shift creates opportunities, including faster access to specialised engineering talent, shorter time-to-market for software-enabled products, lower-cost R&D scaling enabled by robust digital infrastructure, a growing economy well-integrated into global supply chains and a supportive policy environment for innovation and technology adoption. To realise these benefits, firms should strengthen talent localisation through Japanese-language and domain training, deepen governance and cultural integration, align IP and data governance with global standards and improve coordination between India-based GCCs and Japan headquarters.

Collaborations with the Indian SMEs and start-up ecosystem

Japanese GCCs are increasingly using India's dynamic innovation ecosystem to move beyond traditional delivery models and accelerate co-creation. Through collaborations with start-ups, SMEs and academic institutions, these centres are fostering deeper bilateral collaboration and driving joint innovation across sectors such as mobility, clean energy and digital technologies. Furthermore, to strengthen strategic collaboration and address shared workforce priorities, India and Japan have launched an ambitious "Action Plan for Human Resource Exchange and Cooperation" during the India-Japan Annual Summit in 2025, aiming to facilitate the two-way mobility of over 500,000 individuals over the next five years, until 2030. The initiative places particular emphasis on deploying 50,000 skilled Indian professionals to Japan to address labour shortages, while simultaneously expanding student, researcher and cultural exchanges, strengthening joint innovation efforts and promoting Japanese language education in India.[14] Such collaborations enhance Japan's global competitiveness while strengthening India's role as an innovation and delivery hub for Japanese enterprises. These linkages are taking shape through several channels, including the following:

Bilateral innovation platforms

The Japan-India Start-up Hub (a joint initiative between Startup India and METI) and JETRO-led programmes are actively connecting Japanese corporations with Indian start-ups to jointly develop technologies and pilot solutions that GCCs can later scale.

Corporate-start-up collaboration

A leading Indian automobile manufacturer, in collaboration with JETRO, is creating channels for Japanese and Indian start-ups, enabling accelerator, incubation and co-development opportunities.

[14] https://www.pib.gov.in/PressReleasePage.aspx?PRID=2161975&reg=3&lang=2

Regional talent integration

Japanese GCCs are expanding their hiring efforts into smaller cities, aiming for representation across state capitals, to build diverse, regionally distributed innovation teams to accelerate co-creation in mobility, energy and digital platforms.

Academic associations

Collaboration with local universities and research institutions is fostering new R&D capabilities and generating co-created Intellectual Property (IP) in India.

Strategic impact

These ecosystem linkages are reducing time-to-market for Japan headquarters, promoting "India-for-Japan" and "India-for-Global" delivery models and cementing long-term economic and innovation ties between the two nations.

Infrastructure developments and digital innovations

The growth of Japanese GCCs is supported by significant infrastructure developments, as mentioned below:

- **Data centres:** India's data centre industry is on a robust growth trajectory, driven by substantial investments, increasing demand from hyperscalers and strategic regional developments. India's data centre industry is experiencing rapid capacity growth, from 1.5 GW in 2025 to ~10 GW by 2030.[15] Rising AI data centre capacity in India helps reduce model-ops latency and cost, strengthening the infrastructure available to Japanese GCCs building AI products in India. Driven by the demand of cloud service providers and the expanding AI sector, this growth positions India as a rising powerhouse in the global digital infrastructure landscape.
- **Industrial hubs:** While office leasing remains heavily concentrated in metro/tier-1 cities, a new phase of GCC expansion is now unfolding across tier-2/3 cities. Emerging locations (such as Coimbatore, Kochi, Mysuru, Mangalore, Thiruvananthapuram, Ahmedabad, Jaipur, Indore, Nagpur, Lucknow, Chandigarh, Visakhapatnam, Bhubaneswar, among others) are gaining traction, supported by lower operating costs, strong academic ecosystems and a growing pool of engineering and digital talent. This shift reflects a strategic move as Japanese and global GCCs look beyond traditional metros to access India's broader talent and innovation potential. State-led decentralised initiatives across multiple regions are driving this trend by developing regional innovation corridors and digital infrastructure. The programme aims to position select tier-2 cities as future hubs for technology and the digital economy, supporting thousands of start-ups and creating large-scale employment opportunities over the next decade.

Essentially, supporting Japanese GCCs in India requires a multi-layered infrastructure approach that combines digital capabilities, sustainable industrial facilities, skilled talent ecosystems and policy alignment, enabling these centres to evolve from service providers into global innovation and engineering leaders.

[15] https://www.deloitte.com/content/dam/assets-zone1/in/en/docs/services/engineering-ai-data/2026/in-eaid-deloitte-sustainable-data-centres-india.pdf

Distinctive strengths and challenges of Japanese GCCs in India

Japanese GCCs act as strategic hubs, combining discipline, quality and innovation with India's scale and talent advantages. At the same time, an opportunity exists to strengthen retention, compliance and digital adoption, balancing Japanese operating principles with Indian agility for sustainable growth.

Table 1: Strength of Japanese GCCs

Strengths	Why it matters for a Japanese GCC	Impact
Engineering depth and technical excellence	Japan's R&D culture emphasizes rigorous engineering, standards and continuous improvement (Kaizen, a culture of continuous improvement through small, ongoing changes). Focus on hardware-software integration, especially in embedded systems and IoT. Deep domain expertise in process engineering, design validation and simulation modelling.	Ability to deliver complex product development, embedded systems and IoT solutions faster and at a lower cost.
Quality first mindset	By integrating practices (such as Total Quality Management (TQM)) across functions, these GCCs uphold Japan's legacy of precision and continuous improvement. A strong focus on zero-defect delivery, supported by rigorous and accurate documentation standards, ensures consistency, regulatory compliance and end-to-end traceability. This builds confidence with Japanese headquarters and reinforces the GCC's position as a dependable extension of Japan's commitment to quality excellence.	QA and QC processes are highly disciplined, subject to continuous improvement and aligned with global benchmarks, driving superior product reliability and customer confidence. This results in improved performance across aerospace, automotive and medical device programmes, as well as a stronger overall brand reputation.
Long-term orientation	Japanese firms prefer multi-year collaborations and sustainable investments, which align with India's cost advantage and talent development cycles. Focus on building relationships and fostering trust-based collaborations with Indian stakeholders.	Reduced churn, deeper knowledge retention, committed investment approach and ensured sustainable scaling.

	Why it matters for a Japanese GCC	Impact
Leadership diversity (Japan-India blend)	Mixed leadership (Japanese senior execs + Indian operational heads) brings cross-cultural insight, balances governance with local market agility.	Faster decision-making on local compliance, staffing and market-specific product tweaks.
Robust process discipline	Standard Operating Procedures (SOPs), structured decision-making, high compliance and risk-averse governance models are implemented at Indian sites, resulting in transparent, repeatable workflows with consistent output.	Improves predictability, reduces rework and simplifies audit readiness.
Intellectual Property (IP) protection culture	Japanese firms bring a rigorous, legally backed "IP first" philosophy. Indian GCCs mirror that philosophy by segregating technical environments, legally binding every worker with Non-Disclosure Agreements (NDAs) and enforcing secure coding and related security controls. To further strengthen trust and risk resilience, these are increasingly underpinned by globally recognised certifications such as ISO/IEC 27001 for information security, CMMI for process and delivery maturity and compliance with India's Digital Personal Data Protection Act (DPDPA).	Safeguards core technologies and meets global compliance requirements.
Supply chain integration capability	Japanese "Just In Time" (JIT) philosophy, combined with India's large vendor ecosystem, enables end-to-end digital supply chain visibility, transforming synchronised operations into digitally orchestrated networks.	Better inventory management and reduced inventory intensity.

Source: Expert interviews, Deloitte analysis

For Japanese GCCs, maintaining a quality-first approach is key to delivering complex, high-precision solutions at scale. Their long-term investments in India align well with its deep, broad and sustainably growing talent base supporting stability and business continuity. Consequently, these GCCs benefit their parent companies by accelerating innovation, reducing time-to-market and maintaining global competitiveness amid rising technology disruptions.

India's strategic GCC play for Japanese enterprises

Table 2: Challenges of Japanese GCCs

Challenge	Underlying cause	Mitigation/Insight
Cultural and communication gaps	Language remains an additional barrier, particularly in direct interactions with Japanese end users, where nuanced communication is essential. Japanese teams often rely on context-driven, implicit communication, whereas Indian teams tend to adopt a more direct and explicit style. This divergence can result in misalignment around expectations, status updates and clarity on decision-making authority.	Invest in behavioural and cultural fitment training to better align Indian teams with Japanese working styles and corporate values. Younger Japanese employees are becoming increasingly fluent in English; therefore, the language barrier is expected to decrease over the next few years, as new cohorts enter the workforce.
Talent retention versus cost advantage	Limited career growth, compensation gaps and work-life balance issues drive high talent mobility. Indian engineers are highly sought after; churn can erode the long-term stability Japanese firms expect.	Build career path frameworks, offer dual-track (technical and managerial) growth opportunities and embed Japanese-style mentorship programmes.
Regulatory and compliance complexity	India's evolving labour, data privacy (for example, the DPDP Act), and export control regulations differ from those of Japan. Complexity in aligning Japanese governance models with Indian operational realities.	Set up a dedicated compliance office within the GCC, use local legal counsel and embed compliance checks into SOPs.
Infrastructure and ecosystem maturity	Certain tier-2/3 Indian locations may lack high-speed connectivity, reliable data centres or ecosystem collaborators necessary for advanced engineering.	Prioritise tier-1 hubs for core R&D, while utilising tier-2/3 hubs for support functions; invest in private cloud or edge infrastructure as needed.

	Underlying cause	Mitigation/Insight
Digital adoption speed versus legacy processes	Some Japanese units still rely on legacy systems; integrating them with India’s cloud-first push can be technically challenging.	Use a hybrid integration layer, adopt API-first strategies and gradually refactor legacy components with incremental modernisation.
Quality standards translation	Translating Japanese quality metrics (for example, Kaizen, Six Sigma) into Indian operational language may create gaps in understanding.	Local “Quality Champions” certify standards, conduct joint events and embed visual quality dashboards to ensure continuous improvement.

Source: Expert interviews, Deloitte analysis, Japan Times

Differences in Japanese and Indian work styles, particularly around communication, decision-making and escalation, can lead to misalignment between headquarters and India teams. High attrition can further weaken continuity and institutional knowledge. Regulatory complexity and India’s evolving labour and privacy laws require stronger local compliance structures. Infrastructure in tier-2/3 cities limits advanced engineering, keeping core R&D in tier-1 hubs. Furthermore, legacy systems in Japan may hinder the pace of digital integration with India’s evolving ecosystem, thereby compromising Japanese quality standards locally due to the risks of inconsistency without proper adaptation.

Supporting policy incentives and subsidies

India is among the most attractive locations for Japanese GCCs due to its flexible policies and regulations that align with the needs of GCCs. Favourable FDI routes, targeted manufacturing incentives and digital incentives, such as Production-Linked Incentive schemes, support GCC growth. State-level GCC incentives, including subsidies, capex and opex support and single-window clearances, along with deep India–Japan bilateral engagement, reduce friction and enable joint strategic initiatives. These factors, combined with India's talent pool and growing digital infrastructure, make India an attractive destination for engineering R&D, digital services, analytics and regional shared-services hubs.

Bilateral frameworks to streamline engagement

Strategic, institutionalised engagement

India and Japan have multiple high-level agreements and working groups focused on trade, investment, economic security and technology cooperation (including digital collaboration, semiconductor and critical minerals cooperation). These help create predictable engagement channels (MOUs, fact sheets), thereby minimising the regulatory uncertainty for Japanese investors.[16]

Recent high-level India–Japan special strategic and global partnership agreements, signed in August 2025 (including the India–Japan Joint Vision and renewals of digital/Memorandum of Cooperation (MoC) instruments in 2025), have evolved into a robust economic and technological alliance. Japan has committed to doubling its investment pledges in India, from JPY 5 trillion (2022–2026) to JPY 10 trillion (~US$68 billion) over the next decade, creating a favourable macroeconomic backdrop for corporate investment and tech collaboration.[17]

The India–Japan Industrial Competitiveness Partnership (IJICP), launched in December 2019 by Japan's Ministry of Economy, Trade and Industry (METI) and India's Department for Promotion of Industry and Internal Trade (DPIIT), aims to strengthen industrial zones, logistics competitiveness, business environment reforms, FDI, cost efficiency and regulatory processes. It supports Japanese firms in India through quality upgrades, supply chain resilience and co-development across sectors such as semiconductors, mobility and clean energy.[18]

The India-Japan Digital Partnership 2.0 and the Japan-India AI Cooperation Initiative promote joint research and development, data centre development and the building of an AI ecosystem. These agreements explicitly call out cooperation in AI, semiconductors, Digital Public Infrastructure (DPI) and R&D linkages.[19]

Practical government-to-government support

Agencies such as the Japan External Trade Organisation (JETRO), the Japan Chamber of Commerce and Industry in India (JCCII) and Indian state investment promotion bodies coordinate to help Japanese firms identify locations, incentives and collaborators, thereby shortening the setup cycle for GCCs and manufacturing that support GCC needs.[20]

[16] https://www.mofa.go.jp/files/100897546.pdf
[17] https://www.pib.gov.in/PressReleasePage.aspx?PRID=2161986
[18] https://www.mea.gov.in/bilateral-documents.htm?dtl/40062
[19] https://manufacturing.economictimes.indiatimes.com/news/hi-tech/japanese-firms-to-play-a-pivotal-role-across-indias-semiconductor-value-chain-deloitte/123720842
[20] https://www.indembassy-tokyo.gov.in/eoityo_pages/NjA%2C https://www.pib.gov.in/PressReleasePage.aspx?PRID=2101785

India's strategic GCC play for Japanese enterprises

National-level economic incentives that matter for GCCs

FDI liberalisation and investor-friendly rules: India's FDI policy continues to favour automatic routes in most sectors and has seen targeted liberalisations (announcements and press releases through 2024–25), simplifying capital and ownership decisions for foreign GCC investors.[21]

Production-Linked Incentive (PLI) programmes: While primarily targeted at manufacturing (electronics components), PLI spinoffs strengthen local supply chains and create higher-value engineering teams that Japanese GCCs commonly co-locate to capture product development and localisation benefits.[22] The government has periodically reopened application windows for specific PLI categories, such as air conditioners and LED components. This signals continued support for domestic manufacturing. Separately, semiconductor and AI supply chains are being supported through the Semicon India Programme. Under the India Semiconductor Mission, the Design-Linked Incentive Scheme offers deployment-linked incentives of 4 to 6 percent of net sales for eligible semiconductor and chip-design deployments, along with upfront design support. In parallel, PLI for IT Hardware Scheme 2.0 proposes incentives to expand domestic manufacturing of IT hardware such as servers, laptops and related electronics.[23] Japanese firms must meet investment thresholds (INR50–500 crore)/(US$5.6–56 million) and register with MeitY to avail the benefits.[24] Over 26 Japanese companies have actively participated in PLI schemes across sectors (robotics, EVs and semiconductors).[25]

Digital public infrastructure and data policy momentum: Initiatives under Digital India (and renewed digital collaborations with Japan) improve the digital backbone GCCs need (for example, identity, payments, cloud-friendly data privacy). The Indian government is working on incentives/tax measures to attract data centre investments (for example, proposed tax holidays to boost data centre capacity). These reduce operating friction for GCCs that handle sensitive data and cloud workloads.[26]

Make in India and downstream industrial effects: "Make in India" initiatives have accelerated local manufacturing and component supply chains. Japanese firms can use this to localise R&D, test labs and design adjacent to GCCs. This will reduce lead times for prototype cycles and allow GCCs to provide more than just pure services.

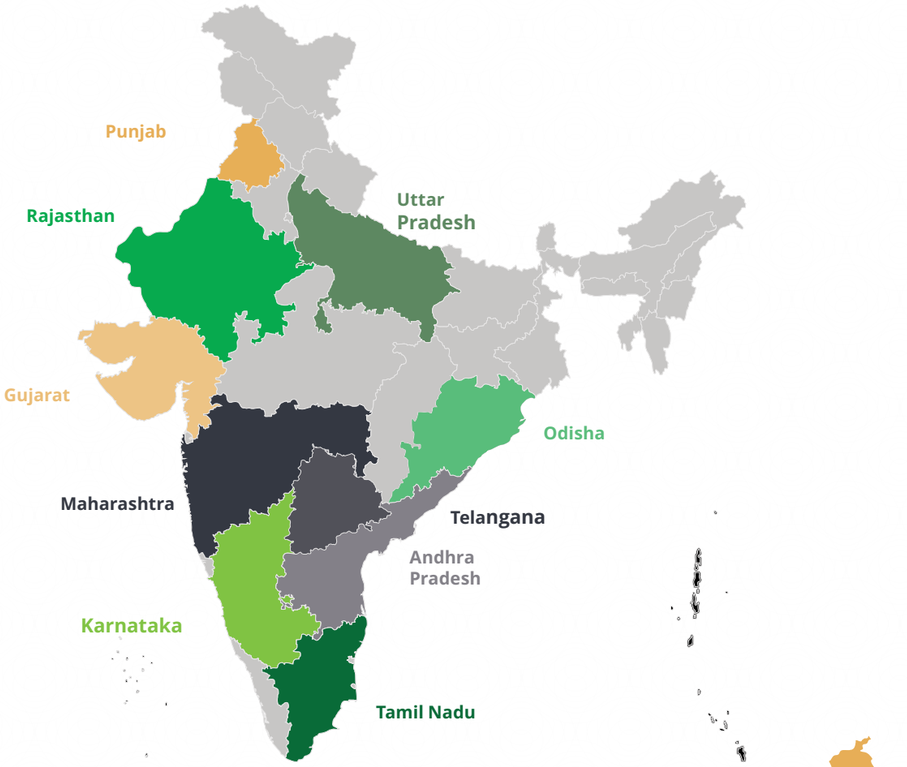
Transfer pricing and the safe harbour regime: For captive GCCs, which are typically remunerated by their parent on a cost-plus basis, India's transfer pricing framework is among the most consequential determinants of after-tax economics, yet it is easily overlooked at the planning stage. The government has progressively widened the safe harbour regime, raised eligibility thresholds and provided greater certainty on acceptable mark-ups, which materially reduces transfer pricing litigation risk for foreign-owned centres. Japanese firms may build the prevailing safe harbour margins and thresholds into their GCC business cases from the outset, as these directly influence the cost of running the centre and the choice between captive, hybrid and outsourced operating models.

[21] https://www.pib.gov.in/PressNoteDetails.aspx?ModuleId=3&NoteId=155082&id=155082
[22] https://www.amsshardul.com/wp-content/uploads/2024/03/India-and-Japan-Technology-Collaboration-for-Collective-Industrial-Growth-V3.pdf
[23] https://www.pli.texmin.gov.in/
[24] https://knmindia.com/setting-up-ai-and-tech-innovation-centres-in-india-under-pli-2-0-a-strategic-guide-for-japanese-enterprises/
[25] https://www.outlookbusiness.com/news/about-26-japanese-firms-taking-part-in-pli-schemes-says-mos-jitin-prasada
[26] https://www.mea.gov.in/bilateral-documents.htm?dtl%2F40066%2FFact+Sheet++IndiaJapan+Economic+Security+Cooperation=&utm https://www.worldometers.info/demographics/india-demographics/

State-level incentives: The operational lever for GCC location decisions

States are pivotal in providing multiple benefits for the GCC setup (lease/construction subsidies, electricity rebates, bandwidth support, one-time relocation grants and operating subsidies). While states compete at the policy level, inconsistency in labour rules, complex tax implementations and delays in local approvals may add to operational complexity.

Figure 05: GCC policy framework across major states of India



Punjab

- Punjab Industrial and Business Development Policy 2026, which covers IT, ITeS, Data Centres (DC) and GCC sectors, aims to position Punjab (especially Mohali–Chandigarh) as a tier-1 IT/GCC hub by attracting large-scale investments (~INR75,000 crore overall target).

Incentives:

- Capital subsidy up to 20 percent of the eligible Fixed Capital Investment (FCI), subject to a maximum limit of INR10 crore
- Investment subsidy of 75 percent of Net SGST for the eligibility period
- Rental subsidy shall be up to INR10 per sq. ft., for a minimum of 100 seats, for a period of 5 years
- 100 percent stamp duty and electricity duty exemption or reimbursement

India's strategic GCC play for Japanese enterprises

Rajasthan GCC Policy

- Rajasthan GCC Policy 2025–2029 aims to transform Rajasthan into a distributed and cost-efficient GCC destination, with a strong emphasis on decentralisation and inclusive growth.
- The state has set an ambitious target of establishing ~200 GCCs by 2030, with the creation of over 1.5 lakh jobs.

Incentives:

- Nearly 30 percent capital subsidy on project cost up to INR10 crore (for 10 years)
- About 50 percent land cost incentive on the cost of purchase of land or lease (up to INR1 crore)
- Nearly 25 percent subsidy on the cost of establishing environmental projects as part of the green initiative (up to INR1 crore)
- Rental assistance covering 50 percent of rent expenses for the first three years and 25 percent for the next two years, up to INR5 crore per GCC unit per year, capped at INR25,000 per seat per year
- Nearly 75 percent exemption on stamp duty and conversion charges, with reimbursement capped at INR25 crore
- About 100 percent exemption on electricity duty for 7 years
- Approximately 50 percent of the cost incurred for R&D IP filing (up to INR5 crore)

Gujarat (GIFT City)

- Gujarat GCC Policy 2025–2030 aims to position Gujarat as a global hub for GCCs and digital services.
- Focuses on high-value functions (technology, finance, engineering, R&D).

Incentives:

- Nearly 20 percent of CapEx for buildings, 30 percent for IT hardware and 15 percent of OpEx support
- About 7 percent interest subsidy for 5 years (up to INR1 crore per year)
- Nearly 100 percent reimbursement of electricity duty (for 5 years)
- About 100 percent exemption on stamp duty
- Up to INR10 lakh per patent incurred on R&D

Maharashtra

- Maharashtra GCC Policy 2025–2030 aims to attract high-value, knowledge-led GCCs by offering strong talent-linked benefits and targeted support for innovation with fast-track approvals via MAITRI.

Incentives:

- Nearly 20 percent of the eligible investment up to INR100 crore
- About 20 percent of the actual rent (cap up to INR4 crore)
- About 100 percent stamp duty exemption
- Nearly 25 percent of R&D expenses, up to INR50 lakh per company per year for 4 years (capped at INR2 crore per GCC)
- Up to 5 percent on eligible term loans (up to 10 percent of the FCI for 5 years with a maximum cap of INR25 crore per GCC unit)
- Electricity duty exemption for a period of 10 years

Karnataka

- Karnataka GCC Policy 2024–2029 aims to double GCCs (from 500+ to ~1000 GCCs) with US$50 billion output and 3.5 lakh jobs by 2029.
- The policy's Phase 2.0 narrative (announced in 2025) reflects a shift from GCC expansion to innovation-led value creation, with a strong focus on AI, R&D and multi-city ecosystem development.

Incentives:

- Funding up to 40 percent of the total CapEx up to INR5 crore for establishing innovation labs/CoEs
- Reimbursement of 50 percent rent expenses up to INR50 lakh
- Nearly 100 percent reimbursement of the cost incurred by start-ups for using GCC facilities for R&D
- About 100 percent reimbursement of electricity duty for 5 years
- Reimbursement of 30 percent property tax for 3 years

Tamil Nadu

- Tamil Nadu Industrial Policy 2021 and R&D Policy 2022 to make it a leading GCC hub by 2030, with strong talent, infrastructure and an investor-friendly ecosystem.
- The Tamil Nadu government launched a Special Scheme to Promote GCCs in Tamil Nadu in March 2024 to move from IT services to high-value research, design, product prototyping and testing, supporting 50+ new GCCs.

Incentives:

- Offers subsidies on the land cost of 50 percent of the cost of purchase for up to 20 acres (ceiling of INR50 lakh/acre)
- Special Capital Subsidy of 25 percent on eligible fixed assets (per Tamil Nadu Industrial Policy 2021)
- About 50 percent concession on stamp duty and up to 100 percent exemption on electricity duty
- Reimbursement of 50 percent cost incurred on patent registration (up to INR5 crore)
- Payroll subsidy of 30 percent in the first year, 20 percent in the second year, 10 percent in the third year for jobs with pay above INR1,00,000/Month. (Special Scheme to promote GCCs)

Andhra Pradesh

- AP IT and GCC Policy 2024–2029 launched in Feb 2025, applies primarily to developers (co-working/IT infrastructure).

Incentives:

- Nearly 50 percent capital subsidy (capped at ~ INR2,000/sq ft)
- Rental subsidy of INR2,000/- per seat for 24 months
- Early bird incentives for the first 20 GCCs
- INR1 per unit electricity subsidy for up to 5 years

India's strategic GCC play for Japanese enterprises

Telangana

- Telangana currently relies on the existing IT/industry policy of 2016 to support GCCs with emphasis on ease of doing business (TS-iPASS), digital infrastructure and skilling ecosystem (TASK).

Incentives:

- Investment subsidy at 50 percent of fixed capex (up to INR20 lakh)
- About a 25 percent rebate in land cost and lease rentals
- Nearly 100 percent of the stamp duty and registration
- Reimbursement of 50 percent cost incurred on patent registration
- "Meet or Beat" policy for strategic and mega projects

Odisha

- Odisha GCC Policy 2025–2030 is designed as a top-up to Odisha IT Policy 2025 (approved in November 2025).
- Goal is to position Odisha as an emerging tier-2 GCC destination (East India hub).

Incentives:

- Nearly 30 percent capital subsidy on Fixed Capital Investment
- About 50 percent of relocation cost (up to INR10 crore for domestic and INR20 crore for international relocation)
- Rental reimbursement of up to INR2,000 per employee per month for a period of five years
- Patent registration incentive up to 100 percent of the cost incurred

Uttar Pradesh

- UP GCC Policy 2024–2029 aims to drive GCC expansion into tier-2/3 cities.
- Focus on digital services, R&D, innovation and inclusive job creation.

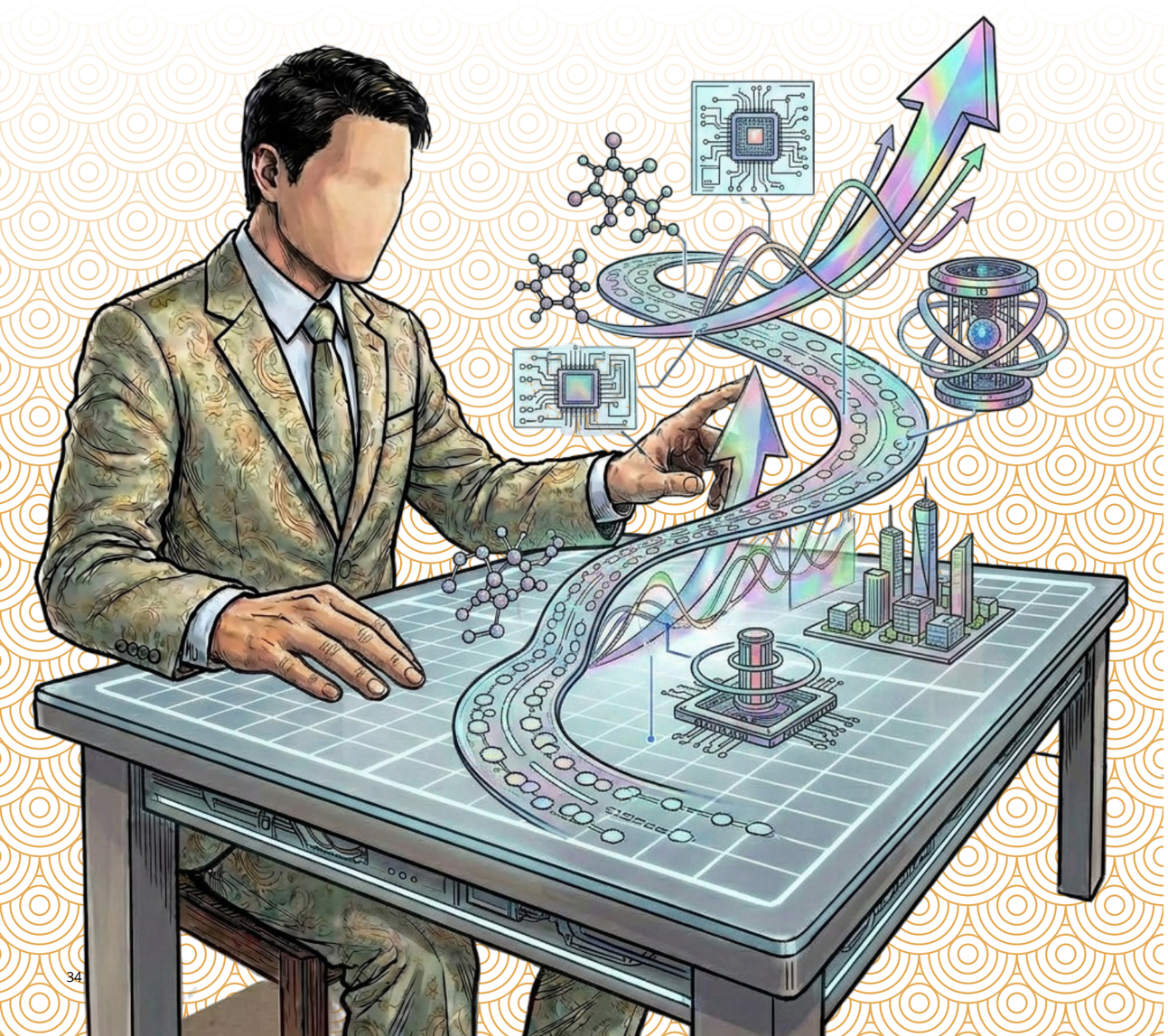
Incentives:

- Nearly 20 percent OpEx subsidy for up to 5 years on lease rentals, power, bandwidth and cloud infrastructure
- Offers 100 percent stamp duty exemption on land and property transactions
- About 25 percent CapEx support is applicable to expenditures on building infrastructure, IT systems and related assets. This support covers both greenfield setups and the expansion of existing GCCs
- Nearly 5 percent interest subsidy on term loans (for up to 5 years, subject to annual caps)

Sources: IIPCD TN Policy Report, Industrial Economist - TN, Guidance TN, Nasscom TN Playbook, Gujarat GCC Policy, Nasscom AP Policy, Nasscom AP GCC, AP GCC Policy, Nasscom MH Playbook, Karnataka GCC Policy, Nasscom Karnataka Policy, UP GCC Policy, Rajasthan GCC Policy, Nasscom Telangana Playbook, Punjab IBDP and Odisha GCC Policy

India's policy ecosystem, spanning bilateral frameworks, national incentives, state-level subsidies and regulatory liberalisation, makes it an ideal destination for Japanese GCCs. As Japan faces demographic and digital transformation challenges, India offers a scalable, cost-effective and innovation-driven platform for long-term strategic growth.

The way forward



India’s strategic GCC play for Japanese enterprises

As Japanese GCCs in India evolve, the next phase requires them to be highly scalable and driven by capability-led mandates, with a focus on co-innovation and collaboration. India’s GCC ecosystem is no longer a back-office construct; it is evolving into a global innovation engine. Over the next 3–5 years, firms that adopt a long-term, value-led strategy will be best positioned to reap disproportionate benefits. Recent policy frameworks, including India’s National Global Capability Centre (GCC) Policy and state-level incentives, underscore this trajectory, offering fiscal benefits, streamlined approvals and infrastructure support, thereby prioritising innovation and high-value work.

Address the talent divide to cater to future-ready pipelines

Build forward-looking talent strategies

Japan’s ageing workforce and shrinking talent pool contrast sharply with India’s rising young, English-speaking STEM talent base. This divide is expected to widen over the next decade, creating a structural opportunity for Japanese firms. Japanese firms can use India’s young median age of 28.8 years by designing long-term workforce planning models that offset ageing talent pools in global markets.[27]

Bridge cross-cultural gaps

Language, work culture and corporate values remain the most significant challenges. The firm’s alignment with changing style and behavioural norms is critical for retention and long-term trust. Investing in bi-directional acclimatisation, mentorship and shared leadership forums helps internalise Japanese practices, while giving Japanese leadership exposure to India’s dynamism.

Scale up skilling and upskilling

Japanese GCCs need to plan aggressive upskilling of their workforce. Initiatives could include in-house academies, certification programmes and apprenticeship models in collaboration with colleges or third-party providers. Move from talent depth to talent velocity (seeking fast talent that can quickly learn and adapt to technological change) by adopting continuous reskilling frameworks, which are critical given that only ~42.6 percent of graduates are industry-ready.[28]

Diversify geographically

Japanese GCCs can further expand their footprint into tier-2/3 locations for cost advantages and access to untapped talent pools, supported by state incentives and improving infrastructure. Strengthen local employability through industry-academia programmes, capitalising on the growing digital talent base (~35 percent CAGR)[29] and lower attrition rates outside major metros.

[27] https://www.worldometers.info/demographics/india-demographics/

[28] https://www.mercer.com/insights/talent-and-transformation/talent-assessment/indias-graduate-skill-index-2025/

[29] https://nasscom.in/knowledge-centre/publications/india-gcc-landscape-report-5-year-journey#

Embed innovation mandates

- **Formalise innovation charters:** There is a need to go beyond service delivery and explicitly mandate R&D and CoE (Centre of Excellence) missions at the India GCC units. Embedding innovation goals into the initial structure ensures that the centre evolves beyond a cost hub into a global nerve centre.
- **Build on bilateral frameworks:** Recent cooperation under the Indo-Japan Digital Partnership provides a strong foundation for future collaboration. A 2025 MoC between India and Japan emphasized joint R&D in AI, IoT, microelectronics and emerging technologies.[30] Japanese GCCs can align with this national agenda to tap into both public and private innovation networks, thereby enhancing their capabilities and competitiveness.
- **Build academic and industry linkages:** Formal collaborations with Indian educational institutions will create pipelines for joint research and development, exchange programmes and talent development. Such collaborations deepen roots in local innovation ecosystems and accelerate product development.

Position India as a strategic market

India’s rising

India’s GDP is projected to grow at 6.3–6.5 percent annually through 2027,[31] cementing its position as the fastest-growing major economy. For Japanese firms, this could be a huge market opportunity, as GCCs can serve as strategic levers for local market intelligence, consumer insights and digital product localisation, enabling Japanese companies to tap into India’s expanding middle class and rising consumption. Japanese GCCs can be positioned as integrated hubs for services, innovation and product development, catering to the Indian market. The country’s growing consumption and GDP make it a compelling target for Japanese firms to co-create products specifically for Indian customers.

Align with economic diplomacy

The recent India–Japan Business Leaders Forum highlighted the complementarities between Japan’s high-end manufacturing and India’s digital and AI capabilities. Japanese firms can capitalise on this momentum to align their India GCCs with broader bilateral themes across economic security, semiconductor cooperation and sustainable growth.

Build stronger innovation ecosystems

Strengthen innovation ecosystems through deeper engagement with start-ups, academia and research institutions to drive IP creation and accelerate time to market, supported by a network of over 197,692 start-ups.[32]

[30] https://www.pib.gov.in/PressReleasePage.aspx?PRID=2161945&reg=3&lang=2#
[31] https://www.pib.gov.in/PressReleasePage.aspx?PRID=2123826
[32] https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2197662&reg=1&lang=1

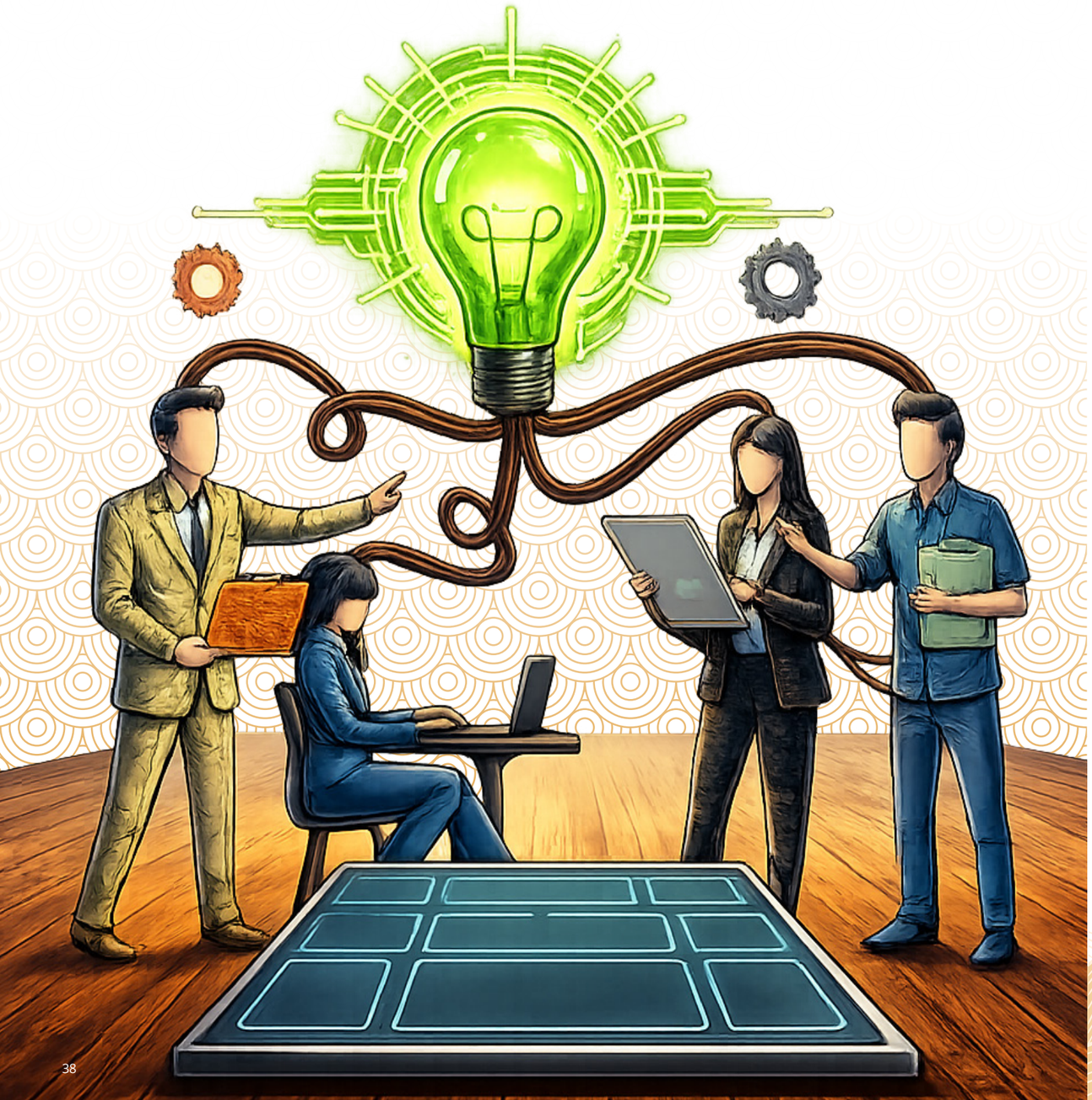
Accelerate the move to capability-led, upstream opportunities

- **Promote nano and micro-GCCs:** The rise of compact, function-rich GCCs (so-called nano-GCCs) is accelerating in India, with growth of 15–20 percent annually.[33] Japanese firms should consider setting up smaller, autonomous centres focused on specialised technology or domain-specific R&D.
- **Enable government-ecosystem cooperation:** A whole-of-government, whole-of-ecosystem approach will be key. Japanese GCCs can collaborate with state governments (especially in states that are offering GCC incentives), embedding themselves in India’s broader innovation infrastructure. Close alignment with Indian government priorities (such as the India Semiconductor Mission) and state-level incentives (such as Karnataka, Andhra Pradesh and Maharashtra GCC policies) can help them strategise their current and future investments.
- **Align KPIs with long-term value:** Instead of relying solely on cost or process efficiency metrics, GCCs should establish KPIs centred on innovation outcomes, such as patent filings, joint product launches and sustainability milestones, to achieve transformational success. This shift is becoming urgent for a further reason. As generative AI and automation absorb a growing share of routine engineering, testing and operations work, the traditional logic of scaling a GCC through headcount is weakening. The most resilient Japanese centres will be those that plan explicitly for rising value per employee, measuring output, intellectual property and decision ownership rather than seat count. AI should be treated as a lever for capability density and a tool to deliver business outcomes, not merely a near-term cost saving.

Japanese GCCs in India are moving beyond labour arbitrage into engineering and digital innovation centres of excellence. The next decade represents a strategic inflexion point for Japanese corporations. The combination of India’s talent pool, improving policy backdrop and rising bilateral investment intent positions it as the premier destination for capability-led growth. The following 3–5 years are likely to see more innovation, rising regional diversification and accelerated co-innovation between Japanese firms and Indian ecosystem participants, thereby securing a competitive edge in the global economy.

[33] https://economictimes.indiatimes.com/tech/technology/nano-micro-gccs-grow-at-20-as-mncs-focus-on-rd/articleshow/124856261.cms

Research methodology



India’s strategic GCC play for Japanese enterprises

The objective of this report, “State of Japanese GCCs in India”, is to develop a comprehensive view of the evolving landscape of Japanese Global Capability Centres (GCCs) in India. This report is based on a structured, multi-stage research methodology combining primary research and secondary research (using both qualitative and quantitative analytical techniques). The research process was designed to ensure a fact-based, holistic and forward-looking assessment of the current industry landscape and evolving market dynamics.

The methodology adopted is outlined below:

Primary research

Primary research formed a key component of the study to understand the strategic priorities, operational models and challenges faced by Japanese companies operating GCCs in India. This included in-depth interviews and discussions with senior executives and CXOs from Japanese-headquartered companies with operations in India, as well as industry practitioners familiar with GCC strategy and operations. These interviews served as a qualitative anchor for interpreting secondary data and validating emerging themes. Insights from these conversations were anonymised and aggregated to inform sections.

Secondary research

A comprehensive secondary research effort was undertaken to supplement insights from primary interviews and to quantify trends. The study involved an extensive review of publicly available information, industry reports, government publications, company disclosures, press releases and credible databases. Both qualitative and quantitative techniques were used to support the analysis. Quantitative data points were used to support market snapshots, scale assessments and ecosystem trends, while qualitative sources helped interpret policy developments, strategic shifts and industry narratives.

Analytical approach

Insights from primary interviews and secondary sources were triangulated to develop a consistent narrative across the report. This ensured both accuracy and contextual relevance for stakeholders across corporate strategy, talent, operations and policy domains.

The combined research approach enabled the report to present a balanced perspective grounded in industry experience and data-driven insights, providing a holistic understanding of the state and future trajectory of Japanese GCCs in India.

The research acknowledges certain constraints:

- Availability of granular, publicly disclosed data specific to Japanese GCCs is limited.
- Certain findings depend on qualitative insights and directional trends shared by executives.
- Estimates may vary depending on firm disclosure levels and evolving GCC footprints.

Despite these limitations, triangulation across multiple data sources and validation through primary interviews strengthen the reliability of the conclusions.

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