

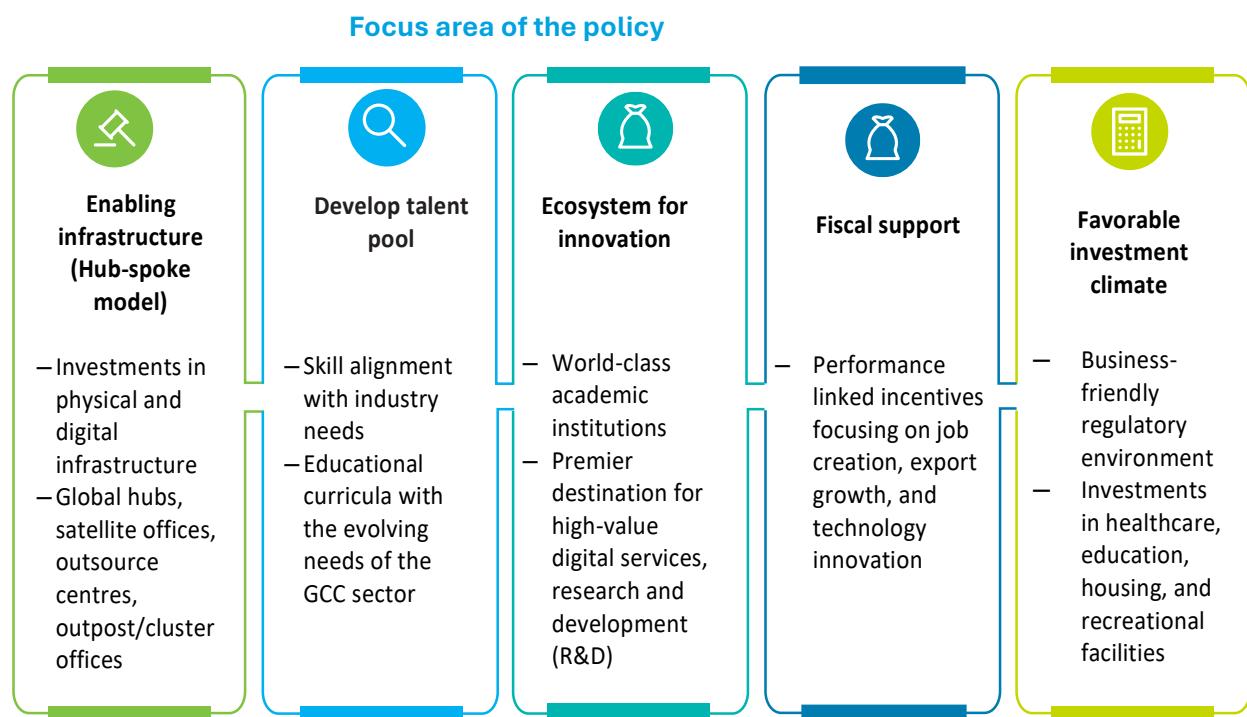


Tax alert: Uttar Pradesh GCC policy 2024

Uttar Pradesh: A new frontier for GCCs

13 June 2025

The newly unveiled Global Capability Centre (GCC) policy, marks a transformative step in positioning Uttar Pradesh (UP) as a premier destination for GCCs. The policy aims to make the state, the innovation nerve centre for India, helping companies establish centres of excellence ('CoE') in emerging sectors such as advanced manufacturing, digital engineering, artificial intelligence and blockchain technology.



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GCC landscape in India

Originally conceived as cost-saving back-office units, GCCs have evolved into major drivers of global value creation, digital transformation, and technological innovation.

By 2024, India's GCC industry contributed \$64.6 billion, which is projected to reach around \$110 billion by 2030. As per the policy, growth within the GCC sector has driven following outcomes up to financial year (FY) 2024:

GCC count	• 1700
Headcount	• 1.9+ million

The annual establishment of new GCCs could increase from 70 to 115 with the GCC policy forecasting the following by 2030:

GCC count	• 2550
Headcount	• 2.5+ million

Key definitions

Eligible Unit

Any industrial undertaking (not being an industrial undertaking in the joint sector or public sector where the share capital of government or government undertaking is 50% or higher) owned by any entity constituted as a company, partnership firm including a LLP, Society, Trust, Industrial Cooperative Society or Proprietary concern setting up a GCC project in the state.

Capital Investment

Costs borne by the eligible unit would be considered admissible for ascertaining their category for availing incentives under this policy. This would include expenses made on land, building and construction, plant and machinery (including computers, R&D equipment, networking hardware, software and related fixed assets directly related to operations of the eligible unit) and infrastructure utilities. Further, 50 percent of the expenses incurred by units for retrofitting existing fixtures shall also be included if such value is capitalized by the units. The land cost shall be excluded in case the eligible unit avails front end land subsidy for the proposed project. Also, land and building cost shall be excluded if project operates from rental/ co-working space.

Eligible Capital Investment (ECI)

The capital investment made by the eligible unit in its eligible investment period after the effective date of the policy. In case, the capital investment by the unit starts prior to the effective date, at least 80% of such capital investment should be made after the effective date of the policy and the same shall be considered as the eligible capital investment. However, for deciding the project category, 100 percent of such capital investment shall be considered.

Ineligible Capital Investment:

Includes working capital, goodwill, preliminary and pre-operative expenses, interest capitalized, royalty, design and drawings, and power generation, except for captive use. Such heads shall not be considered for calculating the capital investment.

IT/ ITeS landscape in UP

With a strong presence in the ESDM and IT/ITeS sectors (over 200)—boasting the highest share of exports in these sectors in India and employing over 3,50,000 professionals—UP is well positioned to attract GCCs in the state.

UP is committed to developing infrastructure to support business growth. Over the past 5 years, the state has invested INR 5.31 lakh crore in infrastructure CAPEX- the highest in India.

As an achiever state for the last two consecutive years in 'ease of doing business' ranking, Uttar Pradesh enables a robust environment for investment and conducting business.

Further, the state plans to establish at least 100 incubators with a combined space of 1 million sq. ft., creating an ecosystem for 10,000 startups.

Eligible Investment Period

The period commencing from the cut-off date falling in the effective period of this policy up to 3 years or till the date of commencement of commercial production, whichever is earlier, for Level-1 GCC Unit; the same period shall be limited to 5 years for Advanced GCC Unit.

Key fiscal incentives for GCCs

Under the policy, following minimum investment and employment criteria have been identified:

Category	Level I	Advanced
Minimum CAPEX investment		
UP (except GB Nagar & Ghaziabad)	At least INR 15 crores and above	At least INR 50 crores and above
GB Nagar & Ghaziabad	At least INR 20 crores and above	At least INR 75 crores and above
OR		
Minimum employment creation		
GB Nagar & Ghaziabad	More than 200 employees	More than 500 employees
Any other district	More than 100 employees	More than 300 employees

1. From end land subsidy

Subsidy on allotment of land from any State Industrial Development Authority, Development Authority, Urban Local Bodies or any other Govt agency

Land area	Subsidy
Gautambuddha Nagar & Ghaziabad districts	30%
Paschimanchal (except Gautambuddha Nagar & Ghaziabad) & Madhyanchal region	40%
Poorvanchal & Bundelkhand region	50%

2. Stamp duty – 100%

exemption/reimbursement

3. Capital subsidy (in 7 equal instalments)

- Level I-** 25% of ECI; capped at INR 10 crores
- Advanced-** 25% of ECI; capped at INR 25 crores

4. Interest subsidy (for a period of 5 years)

Lower of 5% p.a. on term loan or actual interest paid; capped at INR 1 crore p.a. per unit

5. Operational expense subsidy (for a period of 5 years)

- Level I-** 20% of OPEX; capped at INR 40 crores p.a.
- Advanced-** 20% of OPEX; capped at INR 80 crores p.a.

6. Payroll subsidy

Reimbursement of salaries of on-roll employees having continuous employment of 1 year

Year of operations	GB Nagar & Ghaziabad		Any other district	
	Eligible Subsidy	Max limit	Eligible Subsidy	Max limit
1	35%	35%; capped at INR 5 lakhs	50%	50%; capped at INR 7 lakhs
2	30%	30%; capped at INR 4 lakhs	40%	40%; capped at INR 6 lakhs
3	25%	30%; capped at INR 3 lakhs	30%	30%; capped at INR 5 lakhs
4	-	-	25%	25%; capped at INR 4 lakhs

The overall capping for payroll subsidy is mentioned below:

Category	GB Nagar & Ghaziabad	Any other district
	Subsidy	
Level I	INR 10 crores p.a. for 3 years	INR 12 crores p.a. for 4 years
Advanced	INR 20 crores p.a. for 3 years	INR 25 crores p.a. for 4 years

7. Recruitment Subsidy

Employees	Subsidy
Fresher employee domiciled in UP and graduated from UP-based colleges/institutions	INR 20,000 per fresher employee capped at INR 5 crores*

*subject to annual recruitment of 30 UP domiciled fresher employees and continuous employment of minimum 1 year

8. Refund of employer's contribution to EPF

100% reimbursement @ INR 2,000 p.m. per employee for employer's EPF contributions for women, SC/ST, transgender, divyangjan employees and UP domiciled employees capped at INR 1 crore p.a. for 3 years

9. Talent development & skilling incentive

a) Internship reimbursement (for students domiciled in UP and passed from UP-based institutions)

- 50% of stipend cost upto INR 5,000 p.m. per student for max 50 interns p.a. for 3 years
- b) Skill development subsidy (capped at INR 50 lakhs p.a. for 3 years)**
- 50% of training cost capped at INR 50,000 per employee p.a. for max 500 employees

10. Promoting R&D and innovation

Head	Incentive
Setting up CoE	50% of project cost capped INR 10 crores per project
Startup ideation	50% startup ideation cost upto INR 50 lakhs p.a. for 5 years
Intellectual property right (IPR) subsidy	100% of patent filings statutory fees capped at INR 5/10 lakhs for domestic/international patents.

11. Case to case incentive

- Customised package to be availed based on the following criteria:
 - Minimum 1,500 employees
 - CAPEX (excluding cost of land) more than INR 250 crores
 - Minimum FDI of INR 50 crore
 - A holding/parent company listed in Global Fortune 500 and Fortune India 500 with minimum 1000 employment.

Way forward:

Riding on the strong momentum of GCCs of India, the UP GCC Policy is expected to create a ripple effect across the state's economic and innovation landscape. With a strong focus on enabling ease of doing business, fostering innovation, and building a future-ready talent pool, the policy is set to unlock large-scale investments and job creation.

We can expect rapid expansion in urban centers, particularly in cities such as Lucknow, Noida, and Ghaziabad due to their vast, educated workforce and innovation ecosystems. The policy will also boost high-value functions such as AI, data analytics, cloud computing, and cybersecurity.

Overall, by focusing on infrastructure development, talent enhancement, and financial incentives, the state aims to become a leading destination for GCC investments. As multiple states compete to attract GCCs, businesses will need to assess which location best aligns with their strategic objectives, talent requirements, and long-term expansion plans, before making a decision.

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