

## Impetus to GCCs in India:

### Andhra Pradesh Releases its IT & GCC Policy

13 January 2025

#### Background

Following Karnataka in the race to entice multi-national corporations to establish Global Capability Centers (GCCs) in its state (covered in our earlier piece '[Karnataka's Final GCC Policy Launched](#)'), the Government of Andhra Pradesh through an order dated 12 December 2024, has introduced the 'Andhra Pradesh Information Technology (IT) and GCC Policy (4.0) for 2024 - 2029' (Policy).

Andhra Pradesh (State) is a state located in southeast India and is emerging as a significant contender for the establishment of GCCs. The State's capital and the largest city, Visakhapatnam, is gaining recognition as a promising hub for technology and innovation. Its coastal location, low cost of living, and robust infrastructure make it an attractive destination for IT companies and GCCs. To Andhra Pradesh's benefit, over the past 2 decades, it has gained a reputation for producing excellent engineering graduates who are highly sought after and have risen to leadership roles in major global IT firms and GCCs.

The State Government has acknowledged the significant connections between the IT and GCC sectors and has committed to fostering both sectors to develop a knowledge-based economy in the State and has consequently introduced this Policy. As per the Policy, around 20% of job listings in India currently feature remote or hybrid work arrangements, as compared to 0.9% in 2020, fuelled by COVID-19. World Bank reports' estimate suggests that around 60 to 90 million Indians will be working remotely, representing about 15% of the expected workforce in India, by 2025. Further, India is experiencing rapid growth in its gig economy, with more than 7.7 million workers involved in gig work, which amounts to 5.63% of business professionals. This number is projected to increase to 23.5 million by 2029-30, with approximately 70% of these jobs expected to be medium and high-skilled positions.

#### Vision, Mission and Objectives of the Policy

The Policy is designed to transform job opportunities for the youth and gig workers by creating extensive IT spaces and encouraging remote and hybrid work arrangements, leading to significant employment growth in the IT and GCC sectors.

#### Key Highlights of the Policy

- **T3-Model Approach for Developers:**

The Policy takes a 3-model approach where each model has unique incentives catered to different classifications of developers based on their exceptional requirements. The models are as follows:

(i) model 1- co-working space developers, (ii) model 2- neighbourhood workspace developers, and (iii) model 3- IT campus developers (incentives under this model would be applicable to IT companies and GCCs as well, in addition to the underlying developers). The developers have eligibility criteria based on turnovers or developed space. Eligible developers would receive capital and rental subsidies, among other incentives for properties developed within tier-I, tier-II and tier-III cities. Customised incentive packages will be created to facilitate the establishment of large-scale projects.

- **Incentives:**

- a. Incentives for Infrastructure Developers: Financial incentives include capital subsidy, rental lease subsidy, etc., and early bird incentives such as rent exemptions in government buildings, handholding for all compliances, etc.
- b. Incentives for IT Firms and GCCs: Financial incentives include recruitment incentives for certain employees in IT companies, rental subsidies, power incentives for IT companies, employee incentives, etc., and early bird incentives such as rent exemption in government buildings.
- c. Up-Skilling: The State government has designed a 'future skills credit scheme' to provide skill training and support courses in areas across technical, functional, management, soft skills, etc. The scheme aims to cover entrepreneurs, gig workers, managers, etc.
- d. State Investment Promotion Board (SIPB): SIPB has been reorganised to examine all the proposals for investments in industrial and infrastructure and take appropriate decisions for their early realisation. The Chief Minister is appointed as a chairman and the Chief Secretary as a member convener to enhance investment decision-making efficiency.
- e. State Investment Promotion Committee (SIPC): The SIPC, on the other hand, is constituted to aid the functioning of SIPB to achieve effective decision-making, in realising investments by providing tailored incentives for eligible investment proposals and providing case-specific advice to the SIPB on changes, with final approval resting with the SIPB.
- f. Consultative Committee for Information Technology & Electronics Industry (CCITEI): The CCITEI will be reorganised to support the execution of policies related to IT / IT-enabled services / electronics investments, featuring representatives from both the State government and industry to ensure effective decision-making and prompt delivery of incentives.

The operating guidelines for the Policy will be issued separately which will provide details on the definitions of the terminologies and procedures for availing the incentives by the beneficiaries.

## Conclusion

The launch of the Policy marks an important step in the State's efforts to become a significant player in the global technology sector. By leveraging its strengths—such as a rich talent pool of engineering graduates, a strong foundation in STEM (science, technology, engineering and mathematics) education, affordable living costs, and strong infrastructure—the Policy aims to attract multinational corporations while creating job opportunities for youth and gig workers. Additionally, the restructuring of key decision-making bodies like SIPB, SIPC and CCITEI shows a commitment to improving governance and responsiveness in investment processes. As Andhra Pradesh moves forward with this initiative, its successful implementation will be crucial not only for enhancing local employment but also for the much-needed development of infrastructure for remote work and up-skilling initiatives for gig workers.

- *Rabindra Jhunjunwala (Partner); Ayush Nanda (Counsel) and Priya Maharishi (Associate)*



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