ERGO

KHAITAN & CO ADVOCATES SINCE 1911

Impetus to GCCs in India:

Rajasthan releases its GCC Policy

18 December 2025

Background

The government of Rajasthan (State) has unveiled the 'Rajasthan Global Capability Centres Policy 2025' (Policy), valid till 31 March 2029, aimed at positioning the state as a top destination for corporations looking to set up global capability centres (GCCs). With the release of the Policy, the State joins the ranks of states such as Karnataka, Maharashtra, Odisha, Andhra Pradesh, Gujarat, Madhya Pradesh, and Uttar Pradesh, which have released targeted policy measures for supporting the growth of GCCs in their respective states.

Vision, Mission, and Objectives of the Policy

The Policy reflects the State's ambitious vision to position itself as a premier global hub of excellence by establishing over 200 GCCs by 2030 in the State by harnessing innovation in technology, research, and digital transformation to drive competitiveness. The mission of the Policy focuses on cultivating a vibrant ecosystem that enables seamless setup of GCCs, prioritising employment generation for 150,000 professionals.

Eligibility of GCC

Under the Rajasthan Investment Promotion Scheme 2024 (RIPS), GCCs functioning as centralised hubs for specialised services supporting global enterprises were already eligible for incentives. While the Policy recognises the application of RIPS, the benefits under the Policy appear to be available only to those entities qualifying as 'GCC' as understood under the Policy.

In this regard, the Policy defines a GCC to be "*a wholly owned, centralised business unit to deliver specialised services, innovation, and operational support to its parent or group companies. A GCC operates as an integral part of the parent organisation, issue internal invoices for services rendered, reflecting their role as in-house partners rather than third-party vendors.*" This definition, with its emphasis on the GCC having to be whole owned by the corporation to which it is providing services, results in some ambiguity as to whether the Policy benefits would be available to GCCs structured through alternative models such as joint ventures and build-operate-transfer models and may require clarification.

Key Highlights of the Policy

The Policy divides incentives into 2 categories:

a) **Category 1:** Standard incentives as are set out in the RIPS for GCCs, which have a minimum investment of INR 50,000,000 (~ USD 555,555)[1]; and

1 Assuming the currency exchange rate of INR 90 per USD.

b) **Category 2**: Additional exclusive incentives for the first 10 GCCs (as defined under the Policy) for each of the following thresholds:

(i) more than 100 employees or have a minimum eligible fixed capital investment (EFCI) of INR 150,000,000 (~ USD 1,666,667); and

(ii) more than 500 employees or have a minimum EFCI of INR 500,000,000 (~ USD 5,555,556).

It would appear that the incentives offered to GCCs under Category 2 will remain available only to the 10 GCCs each, across both thresholds, on a first come basis.

- **Incentives to GCCs as per RIPS for Category 1**
  - Land, Capital Subsidies and Incentives: Capital subsidies for 30% of the project cost up to INR 100,000,000 (~ USD 1,111,112) for 10 years, to be disbursed in 10 equal instalments; reimbursement of 50% of the cost of purchase of land or lease of floor up to INR 10,000,000 (~ USD 111,112) for setting up the GCC; exemptions on stamp duty, electricity duty, and conversion charges.
  - Green Incentive: A 25% subsidy up to INR 10,000,000 (~ USD 111,112) on establishing environmental projects for GCCs adopting green initiatives or innovating to boost sustainability.
  - Training Incentive: 50% of the cost of research and development training of an enterprise, up to INR 10,000 (~ USD 112) per person per month, that can be availed for 1 year. Training should be from an accredited institution tied to the operations of the enterprise.
  - Intellectual Property Incentive: The State will reimburse 50% of the costs, up to INR 50,000,000 (~ USD 555,556), incurred by research and development-focused GCCs for patent, copyright, trademark, and registration of geographical indicators.
- **Additional incentives for GCCs under the Policy for Category 2**
  - Fiscal Incentives with Employment Generation: Under the Policy, companies establishing GCCs can avail financial incentives through 30% of salary reimbursement for the first 3 years, up to INR 100,000,000 (~ USD 1,111,112) per GCC annually, and up to INR 125,000 (~ USD 1,390) per employee annually.
  - Rental Assistance: The Policy provides for reimbursement of 50% of rental expenses for the first 3 years and 25% for the subsequent 2 years up to a maximum of INR 50,000,000 (~ USD 555,556) per GCC unit annually. The GCCs that have not availed the land cost incentive under the Policy are eligible for this incentive.
  - Bandwidth Support: The Policy provides for 25% reimbursement of internet expenses for the first 3 years up to INR 2,500,000 (~USD 27,778) per year.
  - Upskilling Reimbursement: The Policy incentivises employee training by reimbursing 50% of eligible costs, up to INR 25,000,000 (~ USD 277,778) per GCC annually and up to INR 30,000 (~USD 333) per employee annually, covering expenses like venue rental, trainer fees, training material development, and certification licensing. GCCs with in-house training centres are eligible for this benefit. The eligible GCC can avail this incentive or the applicable training incentive under RIPS.
- **Customised Incentives**

  The Policy enables tailored incentive packages to the GCC units that generate direct employment of 2,000 employees, evaluated on a case-by-case basis, subject to approval by the State empowered committee. The GCCs eligible for this incentive may avail up to 125% of their EFCI, subject to the approval of the State empowered committee.

- **Other Key Provisions**

    - Single Window Clearance: The Policy provides for the RajNivesh portal as a single window platform for investment-related applications, time-bound clearances, and promotes transparency and ease of doing business.

    - Project Committees: The Policy provides for the establishment of the Project Evaluation Committee and Project Approval Committee to review detailed project reports and approve applications for eligible enterprises under the Policy. This dual-committee mechanism streamlines operations and promotes accountability.

    - Transfer of Business: The Policy provides flexibility for transferring benefits availed by a GCC unit to a new transferee entity upon ownership change, ensuring continuity of incentives without disruption. The Policy accommodates mergers, acquisitions, or restructurings, subject to approval, thereby supporting long-term stability and investor confidence in the ecosystem.

    - Terms and Conditions: The Policy provides for clear terms and conditions in relation to matters such as compliance with state laws, duplicate subsidies, misrepresentation, breach of policy, record keeping, withdrawal of incentives, and penalties that need to be kept in mind by the GCC availing incentives under the policy.

Conclusion

The Policy represents a decisive initiative by the State to drive sustainable and long-term development of the State as a leading destination for GCCs, leveraging its proximity to the National Capital Region, its lower costs as compared to Tier-1 GCC locations in India, availability of skilled talent pool and favourable policies as demonstrated by RIPS and the Policy. With clarification on eligibility criteria and issuance of further implementation guidelines, the Policy is expected to drive GCC growth within the State.

- *Rabindra Jhunjhunwala (Partner); Swathy Ramanath (Partner), Ayush Nanda (Counsel) and Priya Maharishi (Associate).*

About Khaitan & Co

Khaitan & Co is a top tier and full-service law firm with over 1200 legal professionals, including 300+ leaders and presence in India and Singapore. With more than a century of experience in practicing law, we offer end-to-end legal solutions in diverse practice areas to our clients across the world. We have a team of highly motivated and dynamic professionals delivering outstanding client service and expert legal advice across a wide gamut of sectors and industries.

To know more, visit **www.khaitanco.com**