

GCCs in India: Cultivating Capability, Ensuring Compliance



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Executive Summary

GCCs have become a key pillar in India's services-led growth. Initially, these centres served as cost-effective extensions of multinational corporations, but they have evolved into sophisticated engines for innovation and compliance. As global enterprises advance their digital transformation journeys, India has emerged not only as the capability capital of the world but also as a hub for compliance. As of FY2025, more than **1,800 GCCs** are operational in India, accounting for nearly **55%** of the global total. These centres currently employ around **1.9 million professionals** and contribute over **USD 64.6 billion** in export revenue. Projections indicate that by FY2030, the number of GCCs will **exceed 2,400**, employing nearly **2.8 million** people and generating an estimated **USD 110 billion** in economic value. This growth highlights India's dual advantage: a world-class talent ecosystem and an evolving regulatory framework that together establish its leadership in capability and compliance.

Over the last decade, India's GCC ecosystem has transformed from transactional service centres into strategic partners that drive enterprise-wide transformation. Modern GCCs are leading advancements in artificial intelligence, product engineering, cybersecurity, data analytics, and ESG innovation. Supported by a deep talent pool and firm government policy, these centres are increasingly becoming co-creators of intellectual property and key decision-making units for global corporations. Nearly 70% of Fortune Global 500 companies now operate GCCs in India, attracted by the scale and quality of its workforce. Emerging talent pipelines from Tier-2 and Tier-3 cities, aided by AI-enabled learning platforms and continuous skilling initiatives, have redefined employability and readiness for innovation. Additionally, regional hubs such as Jaipur, Coimbatore, and Kochi offer operational cost savings of 20–30% and access to a rich pool of engineering and analytics graduates. This creates a distributed model of innovation that strengthens India's position as the world's hub for capability.

The growth of GCCs in India also reflects a significant shift in compliance. The country has made rapid advancements in rationalizing, digitizing, and decriminalizing its regulatory environment, laying the groundwork for predictable and transparent governance. The EoDB initiative, coupled with simplified labour codes and digital governance systems, allows multinationals to operate with greater trust and reduced risk. Over 70% of GCCs have adopted global compliance frameworks such as GDPR, SOC 2, and ISO 27001, aligning with India's Digital Personal Data Protection Act (DPDPA, 2023). Tools like EntityLocker, India Code, and the National Online Compliance Gateway (NOCG) are helping with regulatory filings, cutting approval delays by over 40%, and introducing faceless, data-driven compliance systems. This evolution positions India not just as a location for business operations but as a leader in compliance management, risk assurance, and ESG oversight.

Workplace governance, once viewed merely as a compliance necessity, has now become a strategic differentiator for Indian GCCs. Enhanced labour codes, improved workplace safety standards, and hybrid-work governance mechanisms have fostered greater trust and inclusion within the corporate ecosystem. Indian GCCs are also taking charge of global risk and assurance portfolios, managing ESG, audit, and regulatory compliance responsibilities for their parent organizations worldwide. This transition has established India as a primary center for ethical, transparent, and digitally enabled compliance management.

The relationship between capability and compliance in India's GCCs is mutually beneficial. The collaboration among policy-makers, industry leaders, and academia has been crucial in developing a balanced growth model that merges innovation with integrity. GCCs are increasingly partnering with universities and government skilling programs to integrate compliance awareness into professional education. Simultaneously, predictable laws, streamlined approvals, and digital governance have fostered an environment of trust, attracting long-term investments and high-value work. Nearly three-fourths of India's GCCs now engage with policymakers and academic institutions in a structured manner to enhance both the talent pipeline and governance maturity, illustrating how compliance has evolved from merely a regulatory function to a competitive advantage.

As India aims to become a USD 10 trillion economy by 2035, GCCs will play a pivotal role in this transformation by driving employment, innovation, and ethical business growth. The next phase of expansion will be marked by the emergence of "Nano GCCs" - smaller, domain-specialized, and compliance-focused centers concentrating on deep technologies, artificial intelligence, semiconductors, and ESG analytics. The integration of AI-enabled governance systems, real-time compliance monitoring, and sustainability-linked frameworks will further solidify India's leadership in this area. Continued policy simplification through rationalization and decriminalization will ensure that the country remains a reliable and trusted global destination for capability-led and compliance-driven operations.

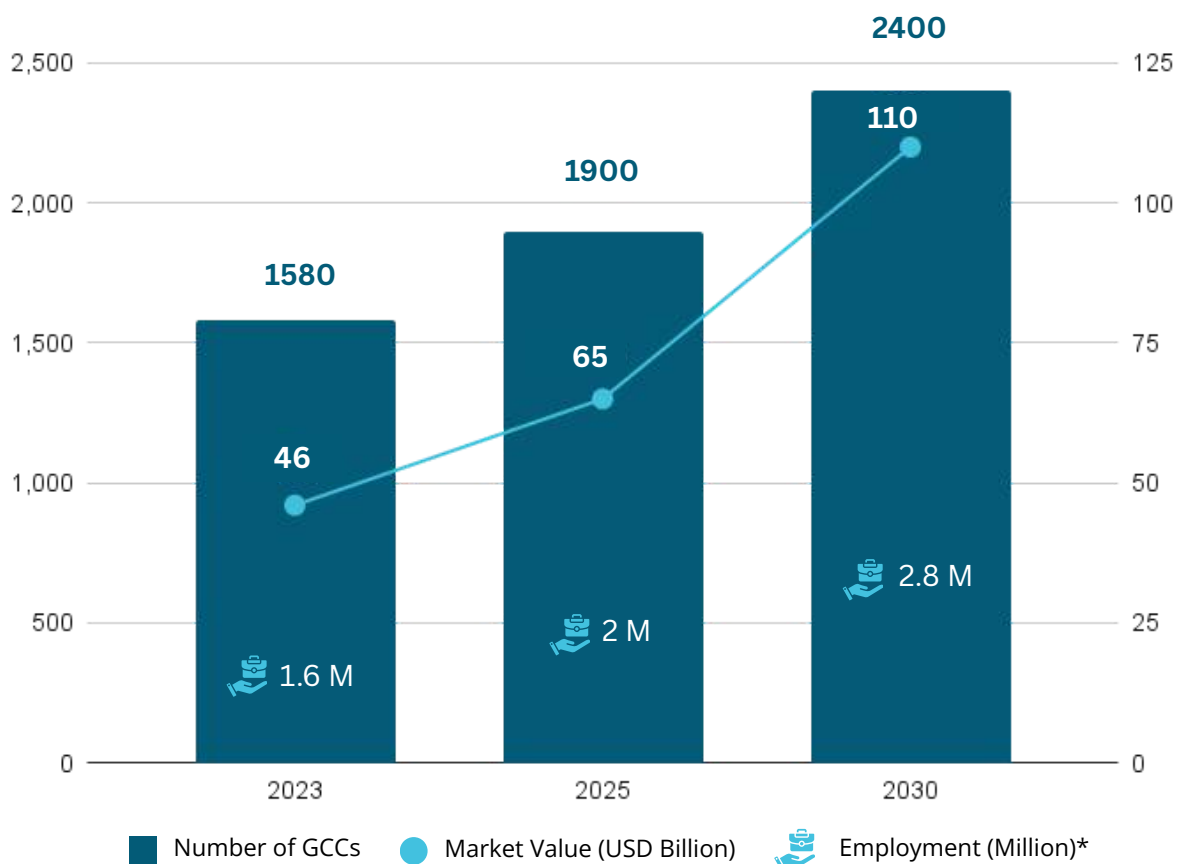
India's journey in establishing GCCs is no longer defined by cost or capacity but by credibility and compliance. This transition represents a shift from mere growth to governance, positioning India as both the world's innovation powerhouse and its most trustworthy partner in regulatory integrity. As global enterprises seek reliable locations for responsible growth, India is uniquely prepared to excel in both areas: fostering capability while ensuring compliance.

Introduction: GCCs in India

Global Capability Centres (GCCs) have emerged as a key pillar of India's services-led economic growth. Formerly known as Global In-house Centres (GICs), these offshore facilities are established by MNCs to manage essential business processes, IT services, product development, compliance and back-office operations. Over the past three decades, GCCs in India have evolved from cost-saving extensions into strategic global innovation engines that drive technology, digital transformation and regulatory excellence. Unlike traditional outsourcing models, GCCs are wholly owned and operated by the parent company, ensuring alignment with global standards of governance, quality and risk management.

Today, India hosts more than 55% of the world's GCCs, making it the undisputed global leader in this sector. With over 1,580 centres in 2023, the industry is projected to grow to 1,900 by 2025 and 2,400 by 2030. This growth has transformed India into the hub of capability and compliance in the world, reshaping both its corporate and policy landscape.

Evolution of GCCs



Geographic Expansion



Tier-1 Cities

Bengaluru, Hyderabad, Pune, Chennai, NCR, Mumbai

Tier-2/3 Cities

Coimbatore, Jaipur, Kochi, Indore, Ahmedabad

200+
new GCCs

are expanding into Tier 2 and 3 cities to leverage cost efficiency and access new talent pools.

55%

of global GCCs are located in India

2.8 Mn

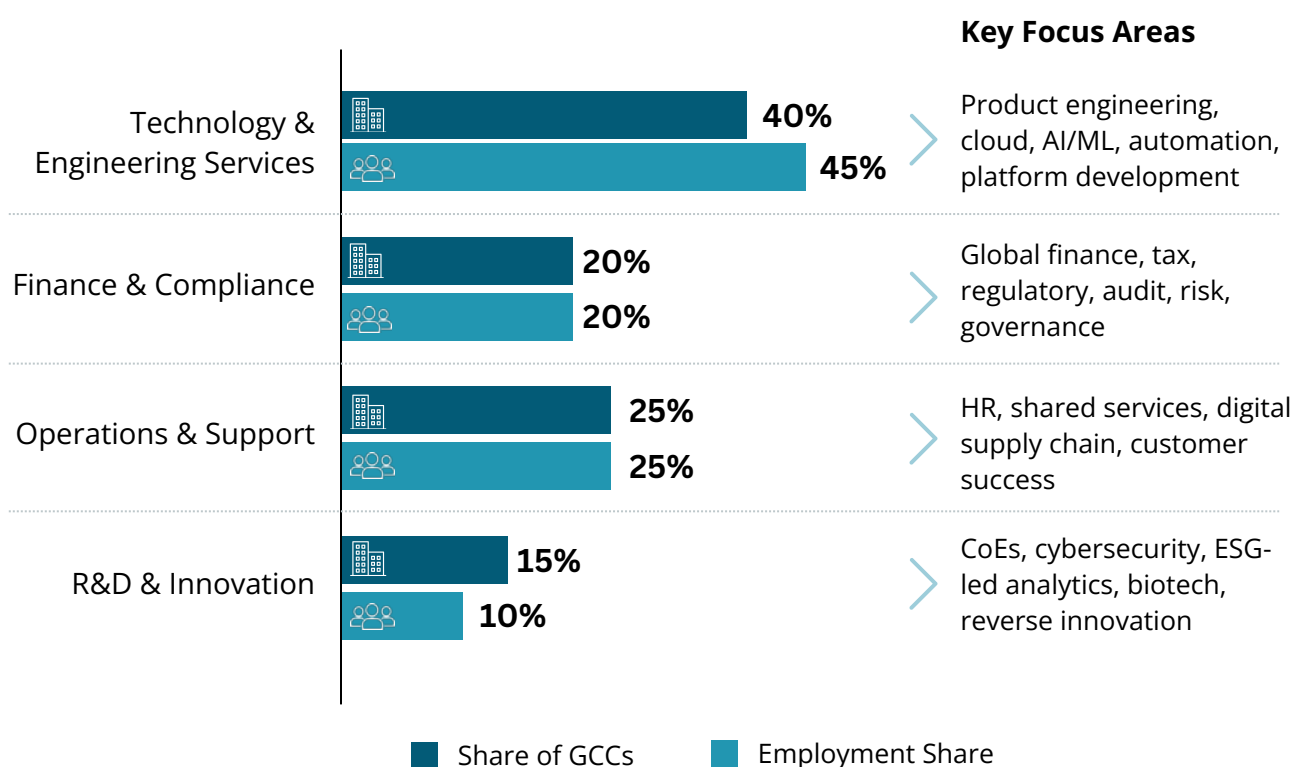
GCC employees by 2030

USD 110 Bn

value creation

Next wave features Nano GCCs, consisting of 50-150 employees focused on R&D and AI-driven initiatives

India's GCC Functional Spectrum



Scope and Purpose

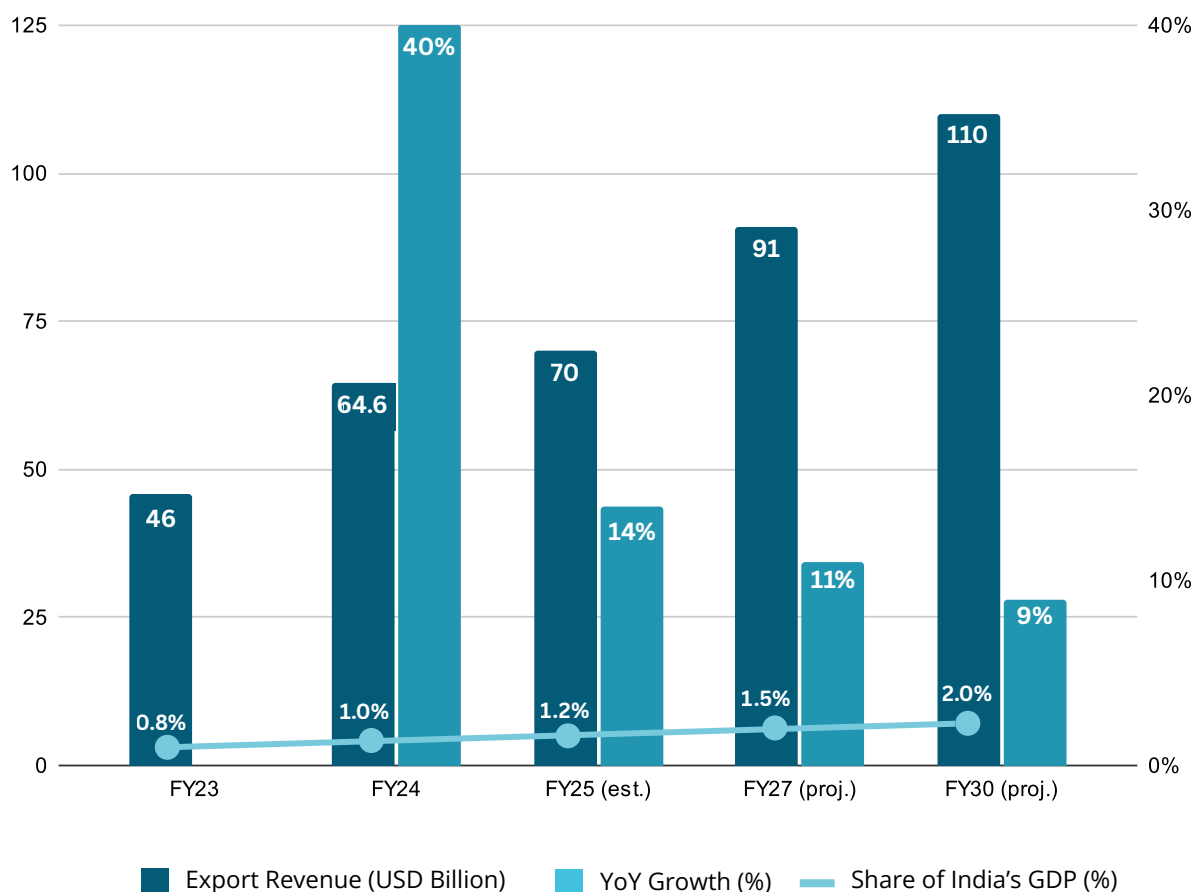
GCCs have evolved beyond merely achieving cost efficiencies. They now play a crucial role in fostering collaboration between parent companies and their offshore affiliates, while also providing access to India's extensive talent pool, capacity for innovation and robust digital infrastructure. This report aims to outline how India's GCC ecosystem has transformed into a dual engine for both capability creation and compliance maturity by covering diverse verticals.

Why GCCs Matter to India's Economy

GDP Contribution

- GCCs generated **USD 64.6 billion** in export revenue in FY24, up 40% from USD 46 billion in FY23
- Their contribution to India's GDP is expected to double from less than **1% in FY24 to 2% by 2030**
- With India aiming for a **USD10 trillion GDP by 2030**, GCC-led services exports play a vital role in driving growth and providing a stable source of foreign exchange.

GCC Export Revenue Growth



Employment & Talent Development

- Supported **10.4 million jobs** in FY25, including 2 million direct, **1.8 million** allied jobs and **6.5 million** induced jobs.
- Offer salaries that are **25-30%** higher than national averages, boosting urban consumption in housing, education and retail sectors.
- Mid-market GCCs (**480+ centres**) employ more than **210,000** professionals, contributing to the creation of new opportunities and strengthening India's upskilling ecosystem in AI, product engineering, and cybersecurity.

Innovation & Technology Advancement

- GCCs have moved beyond delivering services to become strategic innovation hubs that export intellectual capital globally.
- Pioneering reverse innovation, where digital solutions and AI platforms built in India are deployed globally.
- Investments in R&D labs, data centres and CoEs are strengthening India's role as a global digital innovation hub for next-gen technologies.

GCC CoEs and R&D Labs in India



Bengaluru (Karnataka)

AI/ML, chip design, cybersecurity, advanced analytics



Hyderabad (Telangana)

Cloud computing, biotech R&D, pharma innovation



Pune (Maharashtra)

Automotive engineering, robotics, automation



Chennai (Tamil Nadu)

Manufacturing tech, EV systems, finance operations



Gurugram / NCR (Haryana)

FinTech, data analytics, global compliance



Mumbai (Maharashtra)

BFSI analytics, compliance, ESG governance



Tier-2/3 Cities (Coimbatore, Jaipur, Kochi, Indore)

Nano GCCs – agile R&D and domain-specific CoEs

- India is home to more than **1,500 CoEs** and innovation labs led by GCCs.
- Approximately **70%** of GCCs in India handle end-to-end global R&D mandates.
- Bengaluru and Hyderabad together contribute to **48%** of the innovation output generated by GCCs.
- Emerging Nano GCCs are facilitating deep-tech specialization beyond Tier-1 cities.

Investment Flows & Infrastructure Development

- Rising FDI and domestic investment in digital infrastructure, co-working spaces and smart facilities.
- State-led incentives such as Karnataka's rent subsidies, patent fee reimbursements and power duty exemptions, promote regional GCC clusters.
- Expansion into Tier-2 and 3 cities is creating growth corridors and encouraging balanced urbanisation.

Tier 2 and 3 GCC Growth Corridors and Policy Incentives

Corridor / City	Anchor Tier-1 City	Approx. GCCs (2024)	Key Sectors / Specialisations	Policy Incentives / State Initiatives
Coimbatore (TN)	Chennai	45+	IT, digital ops, engineering design	TN IT Policy 2022 – rental subsidies, stamp duty waivers
Kochi (Kerala)	Bengaluru	35+	FinTech, analytics, marine tech	Kerala Digital Policy – plug-and-play infra, startup links
Mysuru (Karnataka)	Bengaluru	25+	AI, digital operations, semiconductor design	Karnataka's Beyond Bengaluru initiative; 30% capital subsidy for Tier-2 IT parks; talent incentives via KDEM
Mangaluru / Hubballi (Karnataka)	Bengaluru	20+	FinTech, logistics tech, shared services	Karnataka Digital Economy Mission – fiscal incentives, infrastructure grants, and plug-and-play workspaces
Jaipur (Rajasthan)	NCR	25+	BFSI, HR tech, GovTech	Rajasthan IT & ESDM Policy 2022 – capital subsidies, single-window clearance
Indore (MP)	Pune	30+	Automotive R&D, shared services	MP ITES Policy – land rebates, power-duty exemption
Ahmedabad (Gujarat)	Mumbai	40+	Manufacturing analytics, ESG	Gujarat IT Policy – 100% reimbursement of EPF for 5 yrs
Bhubaneswar (Odisha)	Hyderabad	20+	Engineering design, BPO	Odisha Electronics Policy – training & infra grants
Chandigarh / Mohali (Punjab)	NCR	15+	HealthTech, data analytics	Punjab Industrial Policy – IT park incentives
Nagpur (Maharashtra)	Pune	25+	Cloud services, logistics tech	MIDC cluster benefits, logistics corridor incentives

Global Competitiveness

- **34%** of Fortune Global 500 companies rely on Indian GCCs for critical operations and are expected to expand to **70% by 2030**.
- Tech giants like Microsoft, Cisco, BlackRock, Sanofi, Carl Zeiss, Lowe's, and RTX have expanded Indian GCCs focusing on AI, cloud, and domain-specific R&D.
- GCCs enhance corporate resilience by centralising global functions, ensuring low import intensity and strong forex retention.

Spillover Effects

- In FY25, GCCs contributed an estimated **USD 182 billion** in Gross Value Added (GVA) through direct (68bn), indirect (55bn) and induced channels (59bn).
- Drive growth in real estate, hospitality, transportation and retail, particularly in emerging GCC cities.
- Spur knowledge spillovers through university collaborations, startup linkages, and R&D partnerships, resulting in a multiplier effect on innovation and skill development.

Evolution: From Cost Centers to Innovation Hubs

India's journey in the GCC reflects the development of the global services economy, transitioning from back-office efficiency to building strategic capabilities.

Era	Focus	Impact
1980s–1990s	Early Footprints – IT support, finance and back-office services	Established a foundation of trust in India's operational efficiency
2000s	Offshore Hubs – IT, finance and process management	India emerged as the “back-office capital of the world”
2010s	Centres of Excellence – Analytics, R&D and cybersecurity	Shift from cost arbitrage to value creation
2020s	Strategic Enablers – Digital transformation leadership	Driving global innovation and AI integration
2024 & Beyond	Global Transformation Engines	Indian GCCs deliver 55%+ of global GCC value and lead GenAI, ESG practices and governance

Over the past two decades, GCCs have transformed from being focused primarily on cost savings to becoming strategic, innovation-driven hubs that generate high-value outcomes on a global scale. This shift has been fueled by India's depth of talent, competitive cost advantages, and policy reforms that have allowed GCCs to expand beyond Tier-1 cities into emerging urban clusters.

Market Landscape

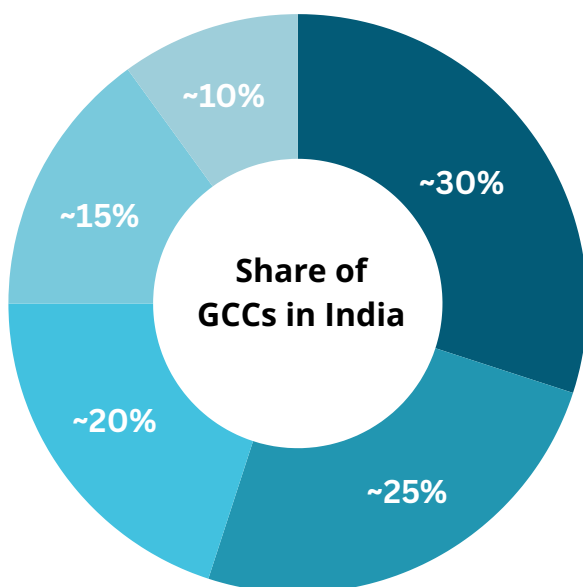
Market Size, CAGR, and Growth Trajectory

India has cemented its position as the undisputed Capacity and Compliance hub for GCCs, commanding nearly **55% of the world's GCC footprint**. As of FY2025, India is home to over **1,800 GCCs**, and this number is projected to reach between **2,400 by 2030**, reflecting a CAGR of 11-12% over the next five years.

The GCC market size in India is valued at **USD 70 billion in FY2025** and is expected to surpass **USD 110 billion by 2030**, depending on digital transformation momentum, AI adoption and the formalisation of compliance ecosystems. Currently, GCCs employ around **1.9 million professionals**, with projections indicating that this will rise to **2.8 million by FY2030**. Additionally, over 70% of Fortune Global 500 companies plan to expand their GCC presence in India, underscoring the country's policy stability, regulatory readiness, and operational maturity.

Industry Spread: Diversified and Deepening

India's growth in GCC is no longer limited to a few sectors; it now encompasses a wide range of industries, each utilizing India's strong digital and regulatory advantages. Five key sectors make up over 70% of India's total GCC presence.



Key Focus Areas

- IT & ITES**
Software engineering, AI, cloud computing, cybersecurity
- BFSI**
FinTech, risk analytics, regulatory technology, financial operations
- Engineering & R&D (ER&D)**
Product design, semiconductors, EV systems, digital engineering
- Consumer & Retail**
Data-driven customer experience, omnichannel strategy, e-commerce automation
- Pharma & Life Sciences**
R&D analytics, clinical data ops, bioinformatics, regulatory compliance

This diversity showcases India's evolution into an innovation hub for global enterprises, transitioning from merely providing shared services to developing intellectual property, driving digital platforms, and ensuring compliance across different regions.

Geographic Footprint: Tier-1 Dominance Meets Tier-2/3 Momentum

India's geography for GCCs showcases a dual-core model, characterized by strong foundations in Tier-1 cities and rapid growth in emerging Tier-2 and Tier-3 cities.

- Tier-1 Cities: Bengaluru, Hyderabad, Pune, Chennai, Mumbai, and the National Capital Region (NCR) anchor over 70% of GCCs.
- Tier-2/3 Growth Corridors: Cities such as Coimbatore, Kochi, Mysuru, Mangaluru, Jaipur, Indore, and Bhubaneswar now host more than 200 centers. These cities offer operational cost savings that are 20% to 30% lower than in Tier-1 cities, reduced attrition rates of 15% to 20%, and access to new talent pools in digital and compliance fields.

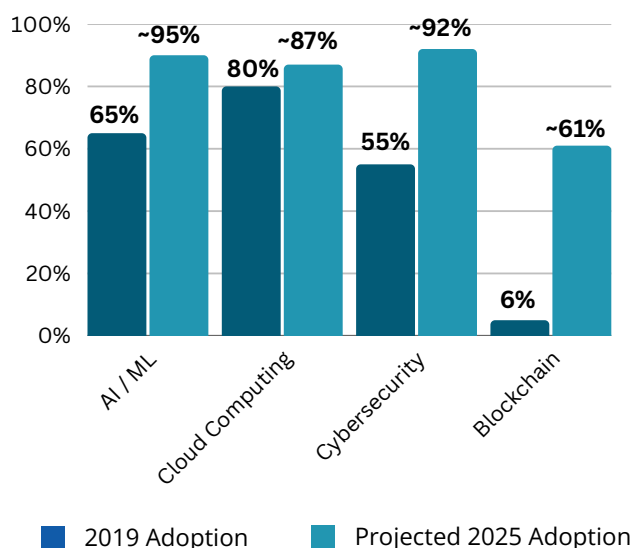
These cities also benefit from state-level policy incentives, including Karnataka's Beyond Bengaluru Mission, Tamil Nadu's IT Policy, and Rajasthan's Electronics System Design and Manufacturing (ESDM) Policy. These initiatives collectively aim to decentralize high-value employment opportunities.

Future Projections: Nano GCCs and Lean Innovation

The next decade of GCC growth in India will be defined by "Nano GCCs" — small, agile, compliance-intensive hubs that specialize in niche domains. Each Nano GCC typically employs between 50 to 150 highly skilled professionals and prioritizes innovation over scale. These centers enable global firms to integrate into India's ecosystem more quickly, mitigate regulatory risks, and access talent as needed.

High-growth domains driving the rise of Nano GCCs include:

- Semiconductors and Chip Design – Over 30% of new GCCs in late 2023.
- AI and ML – Core research and development centers for AI-first enterprises from the US and EU.
- Biotech and Pharma R&D – Leveraging India's bioinformatics and clinical data capabilities.
- Telecom and 5G – Focused on Open RAN and network automation.
- EV Systems & Automotive - Engineering design and AI-driven safety systems.



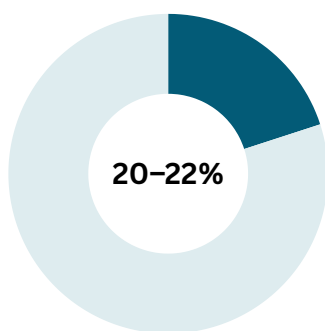
Nano GCCs represent the future of distributed innovation—smaller in size, yet possessing greater compliance maturity and strategic value. By 2030, more than 70% of GCCs are expected to integrate AI governance and compliance automation into their global operations.

Talent, Capability & Compliance Ecosystem

India's GCCs have become important engines for talent and capability, helping global companies transform from design to delivery. What started as a focus on efficiency has grown into a skilled and innovative environment. This new approach combines cost savings with advanced digital skills, strong compliance, and a workforce ready for the future.

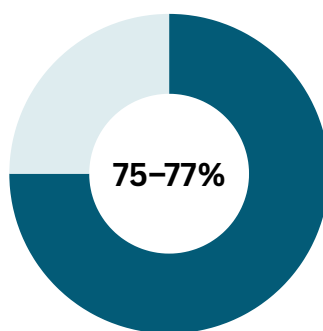
Talent/Workforce Pyramid: Entry–Mid–Leadership Mix

Today, GCCs in India are rethinking their workforce to encourage innovation and adaptability. Unlike before, when they relied heavily on experienced professionals to keep operations stable, the current approach combines seasoned leaders with fresh, skilled talent.



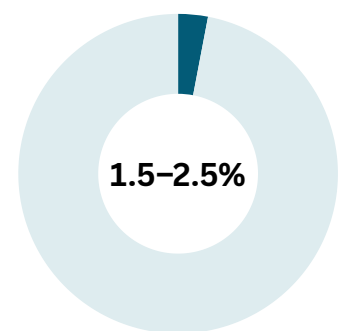
Entry (0-2 yrs)

Graduate engineers, analysts, and support roles



Mid-level (2-8 yrs)

Specialists, product developers, project managers



Leadership

Senior managers, India heads, compliance CXOs

This evolving pyramid illustrates a dual strategy - stabilizing the workforce with experienced individuals while incorporating new talent to support long-term capability building. Partnerships with universities, internship-to-hire programs, and digital academies are becoming standard practices to ensure a consistent influx of future-ready professionals. Internal mobility is becoming increasingly important. Approximately 27% of GCCs expect that 26-50% of their hiring will come from internal redeployment. This approach improves employee retention, reduces hiring costs, and allows for a more adaptable workforce realignment.

Skill, Salary Benchmarks & Hiring Trends (Freshers vs Experienced)

India's GCCs have emerged as strategic talent hubs, anchoring enterprise digital transformation. Specialized roles in AI, cloud computing, data management and cybersecurity are commanding premium pay scales, reflecting both skill scarcity and strategic value.

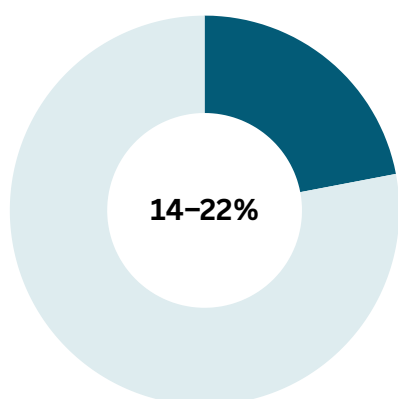
Salary Benchmarks for Top 10 Digital Skills in GCCs (₹ LPA)

Skill	Skill Type	Functional Area	0-3 Yrs	3-5 Yrs	5-8 Yrs	8+ Yrs	Trend
Generative AI Engineering	New	AI & Generative AI	12	25	40	60	Rising
Cloud Computing	Current	Core Tech & Infra	10.6	18	30	45	Rising
Data Engineering	Current	Data & Analytics	10.4	19	28	42	Rising
Cybersecurity	Current	Cybersecurity & Privacy	11.2	22	35	55	Rising
DevOps & CI/CD	Current	Site Reliability	10.4	17	26	40	Steady
Full Stack Development	Current	Application Development	9.8	16	25	38	Steady
API & Microservices	Current	Backend Development	9.2	15	24	36	Steady
MLOps	New	AI & ML Operations	12	24	38	58	Rising
Business Analytics	Current	Data Visualization	8.6	14	22	34	Steady
Low-Code Development	Current	No-Code Platforms	8	13	20	30	Declining

- High-demand positions in AI, cybersecurity, and cloud computing are experiencing annual salary growth of 18–22%, indicating a shortage of qualified talent.
- Cybersecurity and Data Engineering roles are the core infrastructure enablers of GCCs, commanding steady premium growth.
- Mid-tier tech roles such as Full Stack, API, and DevOps are stabilizing, signaling the market's maturity and shift to modular AI-first architectures.

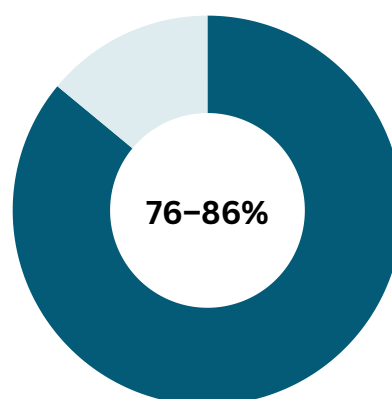
Hiring Trends: Freshers vs Experienced

Despite global headwinds, GCC hiring in India remains robust. By FY2030, total GCC employment will reach 2.8–4 million, with freshers forming 14–22% of new hires and mid-experienced professionals (2–8 yrs) forming the core.



Freshers

AI, Cloud, QA, Data,
Engineering Support



Experienced (2–8 yrs)

Product, Transformation,
Analytics, Business Strategy

In-Demand Skills and Gaps

India's GCCs are at the epicentre of a global digital talent war and compliance paradox. The surge in AI, cybersecurity, and cloud adoption has triggered an intense battle for niche expertise and regulatory complexities are increasing.

The Talent War: Demand–Supply Mismatch

- In H1 2024 alone, ~152,000 professionals were hired, a 14% rise over the previous half-year.
- 75% of these hires were replacements, highlighting persistent attrition pressures.
- 9 in 10 GCC leaders anticipate talent demand will outstrip supply by 2030.
- Only 19% of leaders view AI as a scalable solution to augment workforce capacity. Only 6% consider employee retention as a strategic priority, which poses a risk to long-term compliance readiness.

L&D Imperatives and Compliance Integration Priorities

The widening digital skill gap calls for continuous upskilling and reskilling through Learning & Development (L&D) programs. A strong learning culture is increasingly seen as a compliance asset, ensuring GCCs remain future-ready and aligned with global standards.

Core areas include:

- Cloud and DevOps frameworks
- AI/ML tools and Python programming
- ESG, data governance and regulatory reporting
- Agile leadership and cross-border compliance training

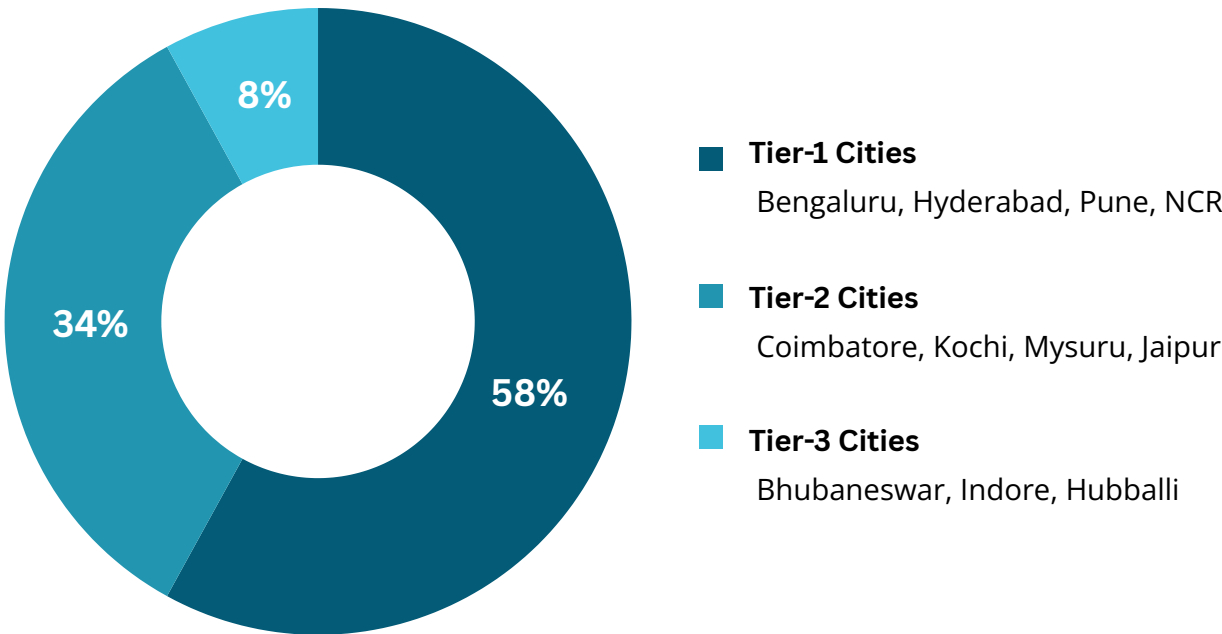
Tech Fresher Intake and Pipeline Outlook

The fresher pipeline is re-emerging as a growth lever for India's GCC ecosystem, especially in digital-first domains. Tier-2 and Tier-3 cities such as Kochi, Coimbatore, and Jaipur are becoming fresh talent hubs, offering 20–30% lower costs and access to underutilized pools.

India's Emerging Digital Workforce - The Rise of the Fresher Pipeline in GCCs

Hiring Outlook	% of GCCs	Expected Hiring Increase	Drivers
Steady Expansion (+1–20%)	64%	Moderate growth	AI, Cloud and Data roles; automation-led scaling
Moderate Growth (+20–50%)	15%	Rapid digital expansion	New GCC entrants and GenAI product labs
High Acceleration (>50%)	9%	Heavy ramp-up	Semiconductor, R&D, and platform engineering centres

Regional Dispersion (2024-25)



Sources:

- TeamLease Research (Calculations based on weighted GCC distribution and fresher hiring intensity by tier - $\text{Location Share} \times \text{Fresher Intensity} / \text{Sum of All Weighted Values} \times 100$)
- NASSCOM GCC Location Index 2024
- EY-ANSR GCC Talent Transformation Survey
- NSDC data

Diversity & Inclusion Dynamics

India's GCCs are redefining Diversity, Equity and Inclusion (DEI) through hybrid work models, inclusive hiring, performance metrics and leadership representation.

40%

Women in Workforce

In top 20 GCCs —
1.5× the industry
average

66%

Prefer Hybrid Work

Especially
beneficial for
caregivers and
differentlyabled
professionals

78%

Integrate DEI Goals

Into HR and
ESG reports

14%

Innovation Improvement

Into HR and
ESG reports

Yet, only 6.7% of women hold executive leadership roles. 52% of organisations operate as 'Digital Twins' of their headquarters DEI frameworks. Teams with 35% women outperform on new product metrics.

Drivers of Inclusion



Sources:

- EY-ANSR Governance Benchmark 2024
- McKinsey Diversity Dividend 2023

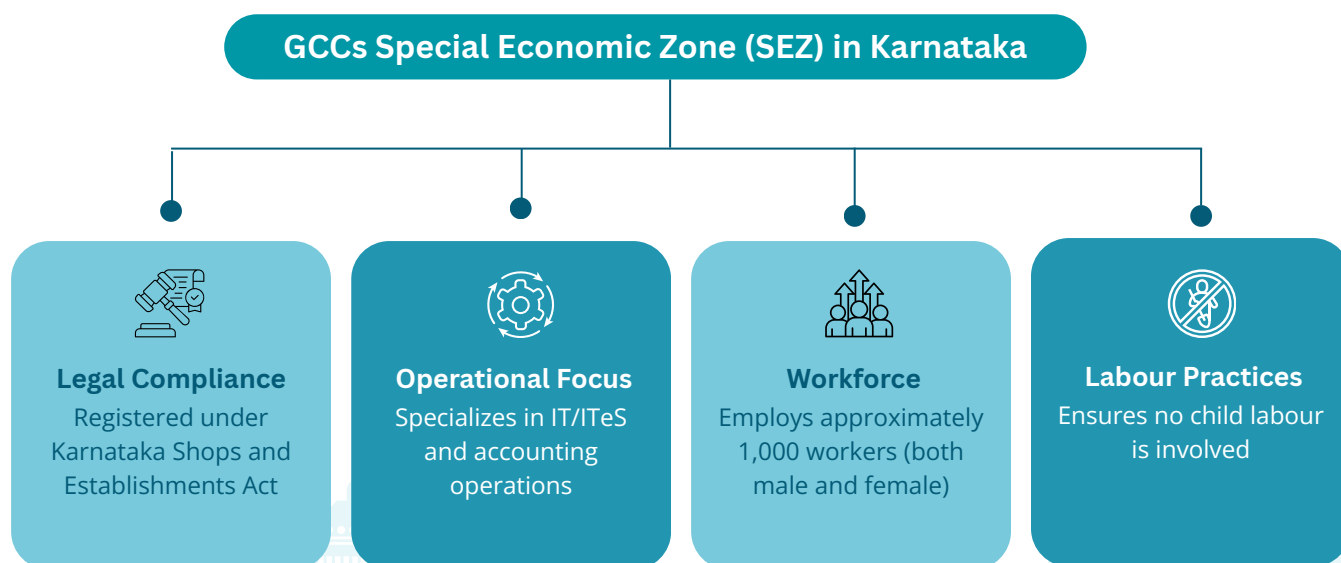
Overview of Regulatory Framework for GCCs in India

Context and Assumptions

A typical Global Capability Centre (GCC) operates through a diverse and often complex structure, depending on its scale, functions, and business needs. Many GCCs function through multiple legal entities, each serving distinct operational or strategic purposes. These entities are often spread across different cities and states, reflecting a pan-India footprint.

A GCC must therefore deal with obligations arising from Union, State, and local authorities. Entities operating across multiple states are subject to varying state-specific laws, each differing in frequency, forms, interest rates, and penal provisions. In contrast, laws under the Union List are largely uniform nationwide. Consequently, a single-location operation faces a simpler compliance framework than one spread across several states.

Further complexity arises from factors such as the applicability of the Shops and Establishments Act, STPI or SEZ registrations, and the municipal corporations under which the GCC operates. Even within a single state, different municipal bodies may impose distinct procedural and reporting obligations. The type, size, and location of each establishment determine the specific compliance requirements, making management across multiple entities and geographies a challenging task.



For this report, we have assumed that a GCC is operating from two floors within a Special Economic Zone (SEZ) in Karnataka, registered under the Shops and Establishments Act and having a seating capacity of more than 500 and less than 1000 workers (both male and female). The establishment primarily undertakes IT/ITeS and accounting operations.

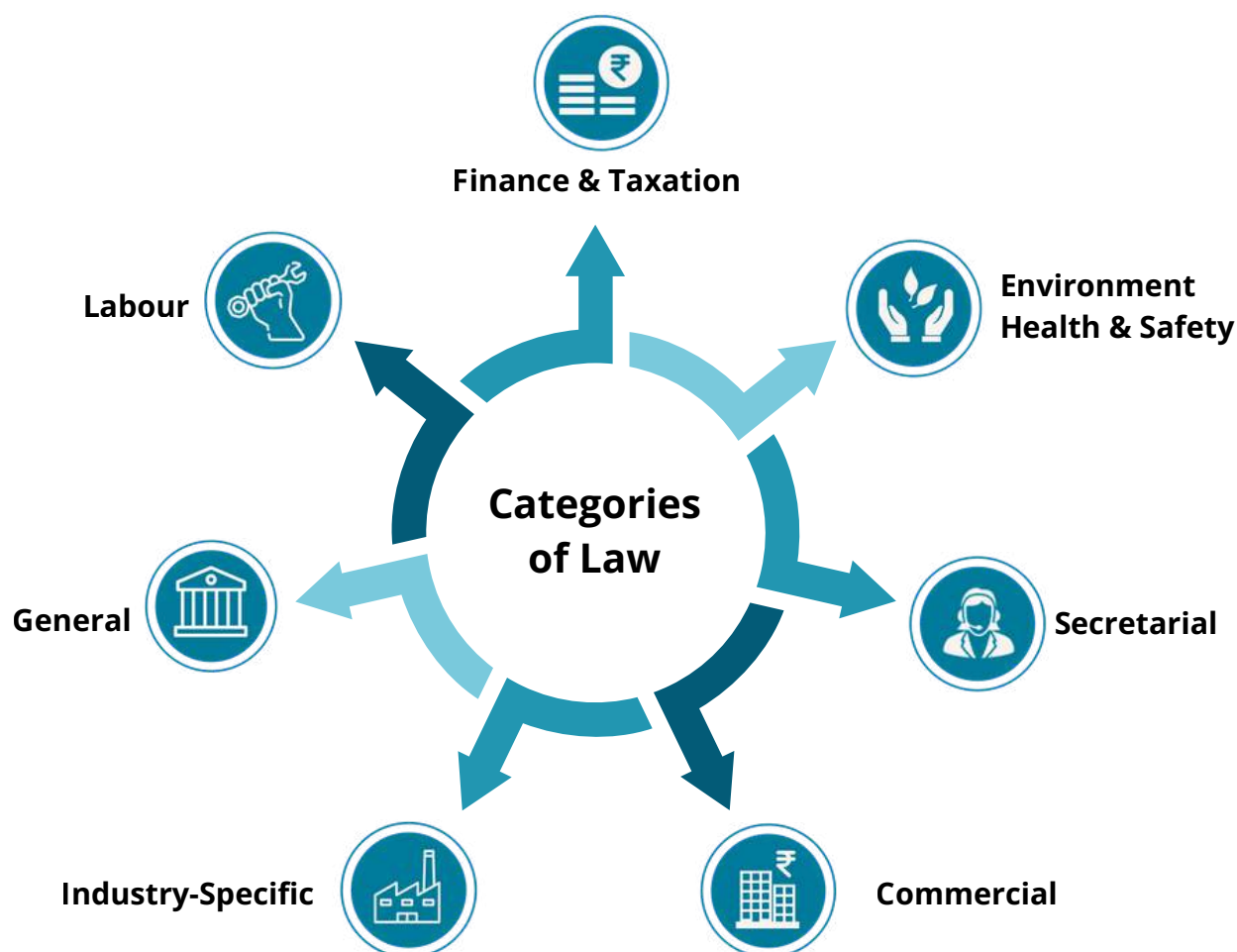
This example is based on a standardised set of assumptions developed for the purpose of illustrating compliance requirements for a typical GCC. A comprehensive list of these assumptions covering workforce composition, operational scope and establishment type is provided in the *Appendix*.

Additionally, we have assumed that the company has taken a commercial property on lease. Accordingly, as a lessee, the company is not responsible for obtaining the following approvals, which rest with the property owner:

Permission from the Municipal Commissioner for erection or exhibition of advertisements / registration for display of outdoor advertisements, Fire NOC, approval for lift/elevator installation, registration and layout approval for DG set, fire safety certificate for the building, electrical installation certificate, license for storage of petroleum products (Class B) for use in DG set in case diesel storage exceeds the prescribed threshold, license for storage of LPG cylinders beyond the threshold (e.g., in the canteen or any other area), authorization for handling biomedical waste, registration of land, NOC from the Airport Authority of India, building layout approval, environmental clearance, consent to establish, power and water connection approvals, permission for felling, trimming, or replantation of trees, building completion certificate, authorization for handling hazardous waste, NOC for change of land use, NOC from the Department of Cultural Affairs / Directorate of Archaeology (if the project site is near protected monuments), building commencement certificate, permission for groundwater extraction (in case borewell is used), permission for highway crossing, access road through highway, or right of way, and license to possess a wireless telegraphy apparatus.

However, in case the GCC plans to construct an entire building, the above-mentioned approvals would need to be reviewed and obtained as applicable.

GCCs in India operate within one of the most complex regulatory environments in the world. A typical GCC, particularly those registered under Special Economic Zones (SEZs), must comply with a vast array of central, state and municipal laws creating obligations such as obtaining approvals, filing returns, maintaining registers and records. These requirements are bifurcated under the following categories of law:



The complexity intensifies further due to varying validity periods, different reporting cycles (monthly, quarterly and annually) and the need for ongoing monitoring to ensure continuous compliance.

Approvals and Compliance Requirements

Every new business entrant must obtain approximately 18 certificates, licenses, permissions, and approvals under at least 17 different Acts and Rules from Central and State authorities at various stages of operation.

Below mentioned is a bifurcation of these approvals that may be required to obtain under different categories of law:

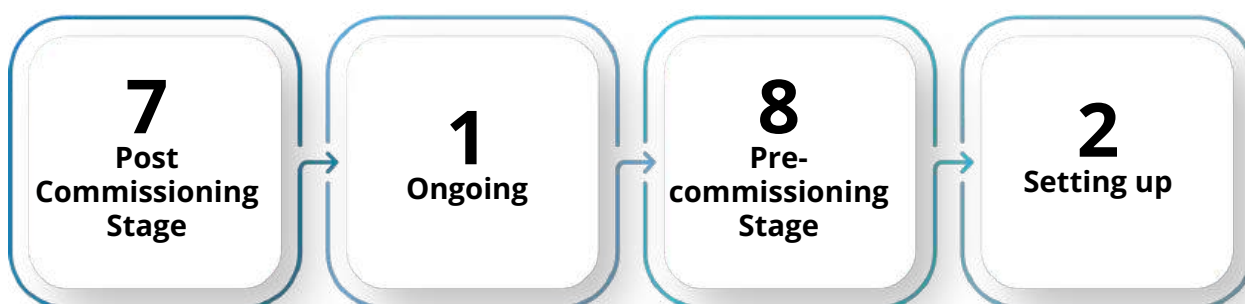
Approvals to Establish, Start, and Continue Operations across Compliance Categories*

Category of Law	Number of Approvals / Registrations / Permissions
Commercial	2
Corporate	3
Finance	4
Industry Specific	2
Intellectual Property	1
Labour	6
Grand Total	18

**A GCC operating from two floors within a Karnataka SEZ, registered under the Shops and Establishments Act, with over 500 seats*

These approvals may be obtained at different stages of the operations including- before commissioning of the establishment, post commissioning, while setting up and the rest are ongoing approvals that may be obtained as and when required.

Stages of establishment for an IT/ITES GCC & Number of Approvals *



**A GCC operating from two floors within a Karnataka SEZ, registered under the Shops and Establishments Act, with over 500 seats*

Along with the stages, a global capability centre has to consider the sub-stages of obtaining approvals such as approvals related to labour safety and health, and incorporation of legal entity, industry-specific approvals.

Sub-stages for the establishment of an IT/ITES GCC *

Sub Stage	Number of Approvals
Approvals related to labour safety and health	6
Incorporation of Legal Entity	2
Industry Specific Approvals	1
Operations	2
Project Related Approvals	1
Tax Related Registrations	5
Utility and support facility-related approvals	1
Grand Total	18

**A GCC operating from two floors within a Karnataka SEZ, registered under the Shops and Establishments Act, with over 500 seats*

Consequently, we find that some authorities are responsible for issuing several registrations, permissions and licenses, with each such approval requiring a separate application, leading to a separate application process.

Below mentioned is an illustrative list of issuing authorities responsible for issuing approvals to a GCC establishment.

Issuing Authorities

Illustrative List of reporting authorities for the assumed GCC establishment*

Issuing Authority	Number of Approvals / Registrations / Permissions
Clearing Corporation of India Limited (CCIL), which has been recognised by the Reserve Bank as an issuer of LEI	1
Controlling Authority / Labour Commissioner	1
Department for Micro, Small and Medium Enterprises (MSME)	1
Development Commissioner (DC) - Department of Commerce (DOC)	1
Directorate General of Foreign Trade (DGFT), Ministry of Commerce and Industries, Govt. of India	1
Employee Provident Fund Organisation (EPFO)	1
Employees' State Insurance Corporation, Ministry of Labour & Employment, Government of India	1
Excise & Taxation Department	1
GST Department	1
Income Tax Office	2
Inspector	1
Karnataka Labour Welfare Board	1
Labour Commissioner	1
Regional Transport Office (RTO)	1
Registrar of Companies (ROC)	2
Registrar of Trademarks	1
Grand Total	18

***A GCC operating from two floors within a Karnataka SEZ, registered under the Shops and Establishments Act, with over 500 seats**

The approvals issued have varying validities, the ones with shorter validity create more obligations for the establishment.

Validity of the licenses/permissions/registrations issued:

Validity	Number of Approvals / Registrations / Permissions
1 Year	3
10 Years	1
15 Years	1
5 Years	1
The Certificate of Incorporation is valid for the entire duration of the existence of the company	1
Certificate of Registration & Certificate of Enrolment shall remain valid so long as it is not cancelled	1
One time	9
Valid for the lifetime of the PAN-holder throughout India	1
Grand Total	18

Levels of Compliance

The compliance obligations applicable to a Global Capability Centre (GCC) establishment vary significantly across different levels of governance Central and State. As per the data, a total of 537 compliances are applicable, of which 443 fall under Central regulations and 94 under State-specific frameworks. Central compliances typically encompass broad, sector-agnostic legislations such as labour codes, taxation, social security, and environmental standards that apply uniformly across the country. In contrast, State-level compliances account for regional variations in laws governing Shops and Establishments, local labour regulations, professional tax, and municipal permissions. These differences stem from the concurrent nature of labour and commercial governance in India, where both Central and State authorities hold legislative powers.

Centre/State	Count of Compliances
Centre	443
State	94
Grand Total	537

Frequency of Compliance

The compliance obligations for a Global Capability Centre (GCC) establishment also differ based on the frequency of reporting and renewal requirements, reflecting the periodic nature of regulatory oversight. Out of the total 537 compliances, 194 are annual, requiring yearly filings, returns, or renewals. Quarterly compliances account for 185, often involving recurring submissions related to tax deductions, provident fund contributions, and environmental monitoring. Monthly compliances 81 in total are typically operational in nature, such as payroll filings, remittances, and statutory register updates. Half-yearly obligations (68) include periodic assessments and audits, while one-time compliances relate to initial registrations and approvals necessary for establishing operations. A minimal number, one compliance, follows a five-yearly cycle, generally tied to long-term renewals or certifications.

Frequency	Count
Annual	194
FiveYearly	1
HalfYearly	68
Monthly	81
One Time	8
Quarterly	185
Grand Total	537

Categories of Compliance

The compliance requirements for a typical GCC establishment can be classified across seven categories. Each of these categories contains several laws, rules and regulations with varying degrees of applicability depending on the establishments's size, nature and operations. A Global Capacity Centre registered under a Special Economic Zone in Karnataka with a 1000-seating capacity needs to deal with 537 obligations. However, this figure inflates to 2,051 once we factor in the annual frequency of these obligations. This figure can go even higher given the nature of ongoing and event-based compliances that do not have a fixed frequency.

The details of the Compliance Category are in Appendix 2

Category-wise unique and total compliance obligations for the assumed GCC establishment

Categories	Count of Frequency
Commercial	20
Environment Health and Safety	19
Finance and Taxation	64
General	8
Industry Specific	22
Labour	151
Secretarial	253
Grand Total	537

Category	Number of Compliances								Total
	Frequency								
	Seven-Yearly	Five-Yearly	Two-Yearly	Annual	Half-Yearly	Quarterly	Monthly	Others (Event-Based, One-Time)	
Labour	-	-	-	44	13	54	36	4	151
Finance and Taxation	-	-	-	21	7	11	25	-	64
Environment, Health and Safety (EHS)	-	-	-	4	3	6	6	-	19
General	-	-	-	4	-	1	3	-	8
Commercial	-	1	-	9	1	1	4	4	20
Secretarial	-	-	-	102	37	107	7	-	253
Industry Specific	-	-	-	10	7	5	-	-	22
Total		1	-	194	68	185	81	8	537
Total Annual Obligations (annual freq. X no. of compliances)		1		194	136	740	972	8	2051

Types of Compliance

The different categories of law have different requirements. Those different requirements can be specifically categorised under different types of compliance. The specific requirements can be classified as appointment, audits and accounts, certificate and license, committees, display abstract/notices, examination and testing, holiday and leave, inspection, meeting, notice and correspondence, null, others, payments, registers and records, report/intimation, returns, safety and welfare and training.

Nature of Compliance	Count
Appointment	4
Audit and Accounts	3
Certificate and License	8
Committees	3
Display Abstract/Notices	1
Examination and Testing	1
Holiday and Leave	1
Inspection	2
Meeting	1
Notice and Correspondence	7
NULL	17
Others	399
Payments	25
Registers and Records	2
Report/Intimation	8
Returns	52
Safety and Welfare	1
Training	2
Grand Total	537

The details of the Nature of Compliance are in Appendix 3

Other Compliance Obligations for GCCs

Taxation & Financial Compliance

Corporate Taxation in India

GCCs in India are subject to:

- Corporate Tax Rate – 22% (effective 25.17% including surcharge and cess) for domestic companies opting for reduced tax rates.
- Transfer Pricing Regulations – Transactions with the parent company must be at arm's length to prevent profit shifting.
- Withholding Tax – Payments to foreign entities are subject to withholding tax, depending on applicable Double Taxation Avoidance Agreements (DTAA).

Goods and Services Tax (GST) Compliance

- GCCs providing IT and business support services are categorized as “Export of Services” and are zero-rated under GST.
- Input Tax Credit (ITC) is available for GST paid on the procurement of goods and services.
- Monthly and annual GST filings are mandatory.

FEMA & Foreign Direct Investment (FDI) Regulations

- 100% FDI is permitted under the automatic route for IT and software-related GCCs.
- Capital and profit repatriation is governed by FEMA regulations and RBI guidelines.

Key Focus Areas for GCC Compliance in India



Data Privacy & Cybersecurity

India's digital economy has entered a new era of compliance with the Digital Personal Data Protection Act (DPDPA) 2023. This law establishes strict obligations for data processing, storage, and cross-border transfers. GCCs must implement privacy-by-design frameworks, appoint Data Protection Officers (DPOs), and maintain detailed records of data flows across different jurisdictions. Key challenges include navigating data localization mandates, aligning Standard Contractual Clauses (SCCs) for international transfers, and ensuring compatibility with global laws such as the General Data Protection Regulation (GDPR) in the EU and the California Consumer Privacy Act (CCPA) in the US. The fragmented regulatory landscapes across jurisdictions increase operational complexity, necessitating that Indian GCCs function as global centers of excellence in data governance and cybersecurity resilience.



Intellectual Property Rights

Protecting intellectual property (IP) and maintaining confidentiality is essential for innovation-driven operations in the GCC. Companies should register patents, trademarks, and copyrights under Indian law to safeguard their proprietary technologies and processes. Additionally, establishing strong contractual frameworks, such as Non-Disclosure Agreements (NDAs) and IP Assignment Agreements, is crucial to prevent misappropriation. When managing IP transfers or licensing, it is mandatory to comply with the Indian Contract Act, the Foreign Exchange Management Act (FEMA), and guidelines set by the Reserve Bank of India (RBI). It is also important to document cross-border IP sharing with the appropriate regulatory filings to avoid accidental violations. Developing robust IP governance frameworks not only protects innovation but also strengthens India's reputation as a trusted global hub for R&D and design.



FDI/FEMA & Cross-Border Regulations

The Foreign Direct Investment (FDI) regime and the FEMA play a crucial role in determining how GCCs interact with their parent companies. Any transfers of funds, services, or technology between the GCC and its headquarters must comply with FEMA regulations and require approval from the RBI. Additionally, compliance with cross-border regulations also applies to data transfers, royalty payments, and technology licensing. Each of these areas must adhere to India's changing regulatory landscape. To reduce the risks of unintentional non-compliance, which can lead to penalties and restrictions on foreign remittances, GCCs should establish strict documentation practices and conduct regular audits.



Labour Law Compliances (with state-specific nuances)

Labour regulation in India is complex due to the overlapping laws at both the central and state levels. Although central reforms under the Labour Codes aim to simplify compliance, many states have introduced additional requirements regarding working hours, leave entitlements, and safety standards. For GCCs, it is essential to navigate the specific regulations of each state. For instance, Karnataka requires workplace diversity disclosures as part of its GCC Policy 2024. Telangana and Tamil Nadu provide skilling reimbursements and compliance relaxations for workplaces focused on women. To maintain compliance across these various jurisdictions, continuous regulatory tracking and harmonization efforts are necessary, especially for centers that rely heavily on their workforce.



Women's Security & Workplace Mandates

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act) requires every General Corporation Council (GCC) to establish an Internal Complaints Committee (ICC) and implement strong prevention and awareness mechanisms. Failure to comply with these requirements can lead to reputational damage and legal repercussions.

Several states mandate periodic audits and public disclosure of gender diversity metrics. Organizations are also expected to implement workplace safety measures, flexible policies, and return-to-work programs, all of which align with the national vision of creating inclusive and equitable workplaces.

Labour Law Compliance Regarding Women's Security

Labour law compliance concerning women's security varies significantly across Indian states, as each state establishes its own rules for permitting women to work night shifts under the Shops and Establishments Acts or Factories Acts. Although the central Occupational Safety, Health and Working Conditions Code of 2020 includes a uniform provision allowing women to work beyond standard hours, its implementation is still pending.

In practice, states have introduced various regulations, which include requirements for mandatory written consent, the provision of transportation facilities, group deployment of women for night shifts, and CCTV surveillance. This has resulted in a patchwork of compliance obligations across the country. For example:

- Odisha has recently amended its laws to allow women to work at night in factories, shops, and establishments, provided that employers obtain written consent, deploy at least three women per shift, and ensure transportation and CCTV coverage.
- Madhya Pradesh permits women to work between 9 PM and 7 AM in malls and factories but imposes stricter conditions, including a minimum of 10 women per shift and at least one-third female supervisors.

- Gujarat has issued an ordinance enabling women to work night shifts alongside extended 12-hour daily limits, subject to specific safeguards.
- Rajasthan proposes similar permissions, emphasizing the need for written consent and safety measures.

These varying regulatory approaches highlight the fragmented nature of labour compliance regarding women's security, requiring employers operating in multiple states to navigate diverse obligations while maintaining consistent workplace protections.



Maternity Benefits and Creche Rules

GCCs typically have a fair number of women employees often exceeding the threshold level of 50. Under the Maternity Benefit Act, 1961, as amended by the Maternity Benefit (Amendment) Act, 2017, establishments employing women shall provide paid maternity leave, nursing breaks and access to crèche facilities. Eligible women employees are entitled to 26 weeks of paid maternity leave for the first two surviving children and 12 weeks for subsequent children, along with leave for adoption or surrogacy in specified cases. Employers may also require to ensure that women are not terminated during maternity leave and that they receive all statutory benefits in full. Additionally, establishments with 50 or more employees are mandated to provide crèche facilities for children up to six years of age. Compliance can be achieved by setting up an in-house crèche, partnering with a nearby registered daycare centre, or establishing a shared facility. In Karnataka, the Maternity Benefit (Amendment) Rules, 2019 specify crèches should be located within how many metres of the workplace, operate during office hours, and maintain a ratio of how many caretakers per how many children.



Fire Safety Compliances

Fire safety compliance is mandatory under state fire laws and the National Building Code (NBC). GCC establishments shall obtain a valid Fire No-Objection Certificate (NOC), install firefighting equipment, maintain emergency exits and conduct regular evacuation drills. In Karnataka, approvals and renewals are issued by the Karnataka State Fire and Emergency Services (KSFES) through the state's eBiz portal, with validity typically lasting five years. The department conducts periodic inspections to verify readiness.



Private Security Agencies

Where work continues beyond standard business hours including national holidays, weekends, and overtime shifts establishments may need to comply with additional labour and operational regulations to ensure lawful and efficient functioning. Typical GCC establishments employing private security personnel are governed by the Private Security Agencies (Regulation) Act, 2005 (PSARA) and respective state rules. The company shall engage only licensed security agencies and verify that all deployed guards are trained, uniformed and police-verified. Periodic checks should ensure that the agency's licence remains valid and that wage, ESI and PF obligations are met. For instance, in Karnataka, security providers must obtain a PSARA licence from the State Controlling Authority, operate through approved training centres and renew the licence every five years. In Maharashtra, establishments are additionally governed by the Maharashtra Private Security Guards (Regulation of Employment and Welfare) Act, 1981, which mandates registration with the Security Guards Board. This board oversees deployment, regulates service conditions, and ensures welfare and fair compensation for guards employed within the state. In addition, where security personnel are deployed through contractors, compliance with the Contract Labour (Regulation and Abolition) Act, 1970 (CLRA) becomes essential. The principal employer and the contractor must both obtain the necessary registration and licences, maintain prescribed registers, and ensure welfare provisions for contract labour are duly implemented.



Canteen and Cafe Compliances

Typical GCC establishments often have canteen and cafeterias facilities to enable their employees to have meals and refreshments. Where companies provide canteen or café services, compliance with the Food Safety and Standards Act, 2006 (FSSA) and relevant municipal regulations shall be considered. The operating entity whether the employer or an outsourced vendor may require to hold a valid FSSAI licence, maintain food hygiene standards, and ensure food handlers are medically certified. In Karnataka, canteen operations within Bengaluru require a trade licence from the BBMP (Bruhat Bengaluru Mahanagara Palike) and adherence to fire and safety regulations issued by the Karnataka State Fire and Emergency Services Department. If operated by a contractor, the principal employer must ensure compliance with the Contract Labour (Regulation and Abolition) Act, 1970, covering registration, welfare, and wage obligations of canteen staff.

Environmental Obligations



E-Waste Management Rules

As generators of significant electronic waste computers, peripherals, and network equipment IT/ITeS establishments may require to comply with the E-Waste (Management) Rules, 2022 (Environment (Protection) Act, 1986). These rules require that all e-waste be stored and disposed of only through authorised recyclers registered with the respective State Pollution Control Board (SPCB). The establishment shall maintain records of e-waste generation, vendor authorisations and disposal receipts. For example, in Karnataka, authorisations are managed by the Karnataka State Pollution Control Board (KSPCB), which monitors licensed recyclers and maintains an online tracking system for disposal manifests.



Battery Waste Management Rules

Typical GCCs have battery usage in UPS systems, laptops and emergency power devices are categorised as bulk consumers and must ensure that used batteries are collected and handed over to authorised recyclers or producers. This creates the need for the GCC to deploy efficient battery waste management systems. Under the Battery Waste Management Rules, 2022, (Environment Protection Act, 1986), establishments that use or dispose of batteries shall maintain records of battery purchase and return and no batteries may be disposed of with general waste. In Karnataka, the KSPCB oversees the registration of authorised recyclers and enforces Extended Producer Responsibility (EPR) compliance.

Consequences of Non-Compliance (fines, penalties, imprisonment, reputational risks)

A detailed examination of India's business laws reveals that imprisonment has long been used as a mechanism to regulate entrepreneurs. The report *Jailed for Doing Business*, co-authored by Gautam Chikermane and Rishi Agrawal, sheds light on the extent and severity of imprisonment risks faced by business owners in the country. Out of the 1,536 laws governing business operations in India, over half (54.9%) include provisions for imprisonment. Additionally, among the 69,233 compliance requirements within these laws, nearly two out of five (37.7%) impose jail terms for non-compliance.

The report emphasises that many of these provisions penalise procedural missteps and technical lapses rather than intentional misconduct or serious offences. This legal framework fosters an environment of distrust and rigidity, creating unnecessary barriers to business growth, innovation and job creation in the economy.

Imprisonment Clauses across levels of compliance for the assumed GCC establishment

Levels of Compliance	Compliances Prescribing Imprisonment
Central	48
State	42
Total	90

Distribution of imprisonment clauses across compliance categories for similar establishment

Categories of Compliance	Compliances Prescribing Imprisonment
Finance & Taxation	6
General	3
Commercial	3
Secretarial	8
Industry Specific	10
Labour	60
Total	90

This high level of criminalisation, often for procedural lapses, increases business uncertainty. Non-compliance can result in fines, penalties, imprisonment and severe reputational risks, impacting foreign investment confidence and corporate governance scores.

Global Comparison of Compliance Frameworks

The table below presents a comparative analysis of the countries harbouring maximum number of GCCs:

Fiscal incentives

India

State-specific incentives (Karnataka: rent reimbursements, skilling reimbursements, innovation grants; Telangana: capital subsidies & tax exemptions; Tamil Nadu: Tier-2 support). SEZ benefits (tax holidays, customs exemptions). Central tax reforms reduce corporate rates and GST input credits

PHILIPPINES

PEZA tax holidays (6–8 years), VAT reductions for export-oriented firms; export-zone exemptions.

IRELAND

Low corporate tax (12.5%), R&D tax credits and grants; uniform national incentives attractive for EU-facing GCCs.

SINGAPORE

Tiered corporate incentives, substantial R&D grants/subsidies, and strong targeted schemes for innovation.

POLAND

Tax reliefs for innovation, R&D grants, and access to EU structural funds for regional development.

MALAYSIA

MSC Pioneer Status (tax exemptions up to 10 years), Investment Tax Allowance for knowledge industries.

VIETNAM

Reduced CIT in high-tech zones, import-duty exemptions for equipment, and incentives aimed at IT parks.

Talent development & skilling

India

Skill India (large skilling push), 1.5M engineering graduates/year; strong industry-academic partnerships but concentration in Tier-1 cities; state skilling subsidies noted

PHILIPPINES

Heavy emphasis on BPO training, English proficiency, and government-sponsored upskilling.

IRELAND

Industry-academia collaboration; specialized fintech/AI programs.

SINGAPORE

SkillsFuture and public-private upskilling; government support for industry-specific training.

POLAND

Strong STEM pipeline, multilingual workforce, university partnerships.

MALAYSIA

Public-private partnerships for IT skills; collaboration with corporates.

VIETNAM

Growing STEM graduates; alignment programs to industry needs.

Regulatory framework/ease of doing business

India

Mixed: Central reforms (Digital India, Make in India), but multi-layered central+state rules add complexity; improving digitisation, but variability across states. DPDPA is also evolving

PHILIPPINES

Simplified FDI rules in PEZA zones; streamlined registration for export firms.

IRELAND

Predictable EU-aligned regulations; high ease due to clear procedures.

SINGAPORE

Very business-friendly, transparent regulations; top global ease rankings.

POLAND

EU regulatory alignment gives predictability and stable legal protections.

MALAYSIA

MSC simplifies compliance for qualifying companies; clearer regime for tech firms.

VIETNAM

Ongoing reforms to simplify processes, improving zone-based ease.

Infrastructure & digital ecosystem

India

Strong Tier-1 clusters (Bengaluru, Hyderabad, Pune) with SEZs/IT parks; Digital India investments increase connectivity; Tier-2/3 gaps persist

PHILIPPINES

Dedicated IT zones and supportive BPO infrastructure.

IRELAND

High-speed connectivity and smart-city progress; nationwide reliable infra.

SINGAPORE

World-class digital infrastructure (5G, cloud readiness); smart-city initiatives.

POLAND

Modern transport & digital infra supported by EU funds.

MALAYSIA

MSC and tech parks provide state-of-the-art IT infrastructure.

VIETNAM

Rapid investment in IT parks and industrial zones, improving connectivity.

R&D & innovation support

India

Growing startup ecosystem (80k+ startups), some state R&D grants (patent fee reimbursements), but limited national R&D incentives compared to Singapore/Ireland

PHILIPPINES

Limited R&D focus – more service-oriented GCC model.

IRELAND

Strong R&D credits (noted up to 25%), grants and innovation centres.

SINGAPORE

Extensive grants for AI/quantum/blockchain and innovation clusters.

POLAND

EU-aligned R&D grants and innovation SEZs.

MALAYSIA

Incentives under MSC for high-tech R&D activities.

VIETNAM

Targeted incentives in high-tech zones; still a nascent R&D ecosystem.

Zones & special regimes

India

SEZs widespread (tax holidays, customs waivers); state GCC policies (Karnataka GCC policy 2024, UP/Telangana/Tamil Nadu measures)

PHILIPPINES

PEZA economic zones are central to GCC/BPO incentives.

IRELAND

No SEZ reliance; national incentives and EU access are more important.

SINGAPORE

Economic/enterprise zones and targeted grants; less reliance on the SEZ model.

POLAND

SEZ/innovation zone models align with EU funds.

MALAYSIA

The MSc program acts as a national zone-like incentives framework.

VIETNAM

High-tech zones with tax reductions.

Main strengths

India

Unmatched talent scale, cost competitiveness, large startup ecosystem, state-level agility to tailor incentives.

PHILIPPINES

Strong BPO talent pool, English proficiency, mature outsourcing culture.

IRELAND

Tax clarity, EU market access, and attractiveness for high-value GCCs.

SINGAPORE

Innovation-first policy, excellent infra, pro-business grants.

POLAND

Nearshoring advantages for EU firms, STEM talent.

MALAYSIA

Cost-effective regional hub for ASEAN with knowledge-economy support.

VIETNAM

Young talent pool and improving policy support.

Main challenges

India

Fragmented policy across states, infrastructure gaps outside Tier-1, limited central R&D incentives, and complexity in regulatory navigation

PHILIPPINES

R&D incentives are limited; dependency on service exports.

IRELAND

Need to maintain low-tax attractiveness amid EU/BEPS changes.

SINGAPORE

Talent competition and the high cost of living for scale hires.

POLAND

Competition for EU investment; wage inflation in some regions.

MALAYSIA

Need to sustain MSC momentum and upgrade skill pipelines.

VIETNAM

Infrastructure gaps in non-metro areas; scaling quality talent.

India possesses a strong talent pool and cost competitiveness but faces challenges due to regulatory fragmentation and limited national R&D incentives. Harmonising compliance and expanding Tier-2 and Tier-3 infrastructure are crucial for maintaining leadership in global GCC growth.

Leadership & Strategic Roles

India's GCCs have evolved from their traditional role as execution hubs into strategic engines that promote global leadership and drive enterprise-wide decision-making. Today, Indian GCCs are producing world-class CXOs and senior executives who play a crucial role in global decision-making, reinforcing India's position as a center for leadership, innovation, and strategic governance. They also take on essential responsibilities related to compliance, risk management, and innovation for multinational corporations. This evolution showcases India's dual strength as a source of global leadership talent and a center of compliance excellence.

India as a Global Leadership Pipeline for GCCs

- **Strategic Hiring Momentum:** Mid-senior and leadership functions now constitute nearly 77% of GCC hiring, reflecting the shift from delivery to strategic ownership.
- **Tier-2 & Tier-3 Expansion:** Emerging cities such as Jaipur, Coimbatore, and Mohali now employ over 540,000 professionals, contributing leadership in areas like data analytics, cloud operations, and cybersecurity.
- **Executive Mandates:** Fortune 500 firms are appointing Country Heads, VPs of Engineering, Global Delivery Directors, and Compliance Chiefs in India, granting them full business and budgetary ownership.
- **New-Age Leadership Roles:** Emerging designations such as Chief AI Officer (CAIO) and Chief Data Officer (CDO)—commanding annual pay packages of ₹2–2.5 crore—are leading global GenAI governance and digital transformation agendas.

Rise of CXOs Owning Global Compliance Portfolios (Data, ESG, Risk, Finance)

The modern ecosystem of GCCs is increasingly shaped by CXOs who hold global compliance and governance responsibilities. This transition marks a significant shift from roles focused solely on execution to those emphasizing strategic ownership, with Indian GCCs leading the way in developing and managing global compliance structures.

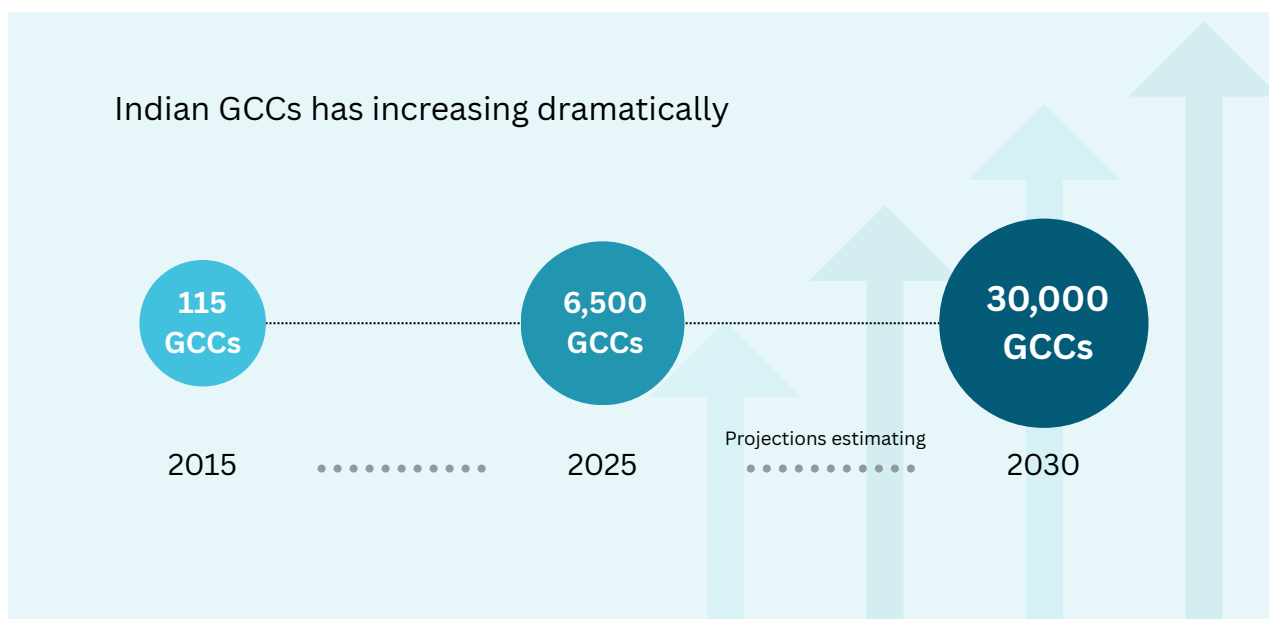
The introduction of the DPDPA 2023 has hastened the rise of Data Protection Officers and privacy-by-design teams in India. These teams are now essential in formulating corporate data policies on a global scale, ensuring that Indian GCCs impact parent company strategies beyond their local operations.

In the financial services sector, GCCs have established comprehensive risk and vendor governance frameworks that align with the Reserve Bank of India's operational risk guidelines. These frameworks are increasingly being adopted by parent companies worldwide. Additionally, functions related to ESG criteria, climate risk, and regulatory reporting are increasingly being driven from India, solidifying the country's status as a center of compliance excellence.

This evolution demonstrates that Indian GCCs have transcended their traditional roles; they are now strategic hubs that influence corporate governance, operational risk, and compliance policies on a global scale.

Decision-Making Autonomy: India Managing Global Compliance Mandates

The number of global leadership roles within Indian GCCs has increased dramatically—from 115 in 2015 to over 6,500 today, with projections estimating that this number will reach 30,000 by 2030. This shift positions GCCs as key contributors to global strategic decision-making rather than merely acting as "order-takers."



Today, Indian GCCs manage global compliance mandates with considerable independence, especially in critical areas such as data protection, financial regulations, and operational risk management. The DPDPA of 2023 has empowered GCCs to establish roles for Data Protection Officers and implement privacy-by-design frameworks that directly influence the policies of their parent companies. Similarly, guidelines from the RBI have prompted financial services GCCs to develop robust vendor governance frameworks that often serve as models for global operations.

Furthermore, modern GCCs have gained strategic authority across various domains, including product development, engineering, cybersecurity, and enterprise-wide adoption of AI. Over 40% of Indian GCCs are actively leading their parent organizations' AI strategies, reflecting a notable transition from traditional headquarters-centric decision-making to a more distributed, globally integrated model.

Autonomous compliance structures in India feature regulatory intelligence units that independently monitor policy trends, adaptable frameworks that align local requirements with global standards, and operational resilience programs that frequently exceed the mandates of parent companies. This ability to navigate complex regulatory environments across multiple jurisdictions has established Indian GCCs as centers of excellence in compliance management.

Leadership Branding Challenges Tied to Regulatory Reputation



Regulatory Reputation as a Strategic Asset

The regulatory reputation of Indian GCCs has become a crucial asset for attracting global mandates and leadership talent. GCCs that maintain strong compliance records are trusted with sensitive operations, while regulatory missteps can significantly damage both the GCC's and the parent company's global standing.



Brand Perception, Volatility and Continuous Management

GCC brand perception is inherently volatile and requires continuous strategic management. Research indicates that fewer than 10% of GCCs have reached top-tier maturity levels, with many still struggling to overcome outdated perceptions despite their improved capabilities. Regulatory failures can rapidly undermine years of reputation-building, impacting talent acquisition, client confidence and growth opportunities.



Leadership Pipeline and Global Recognition Challenges

Although Indian GCCs produce exceptional global leaders with Indian-origin executives currently leading 16 Fortune 500 companies worldwide, the domestic ecosystem often fails to recognize GCC leadership talent at an appropriate level. This creates a paradox in which Indian executives excel internationally but encounter systemic barriers to recognition within India.



Regulatory Complexity and Reputation Risk Management

The complex regulatory landscape in India, which includes state-specific labor laws, data protection requirements, environmental compliance, and tax regulations, necessitates sophisticated legal and compliance management. Failure to manage these complexities effectively can damage the GCC's reputation and hinder its ability to secure global leadership mandates.



Cultural Integration and Global Alignment Challenges

Cultural alignment also presents challenges. GCCs must balance the expectations of their headquarters with local operational norms to avoid disengagement, reduced productivity, and reputational risks. This balance is essential for attracting and retaining leadership talent.



Strategic Positioning and Value Demonstration

To maintain credibility and a strategic position, GCC leaders must consistently demonstrate value beyond mere cost savings by emphasizing innovation, risk management, and regulatory excellence. Regulatory expertise has become a distinguishing factor for attracting high-value compliance and analytics professionals, though it requires continual investment in advanced compliance capabilities.



Compliance-Driven Talent Magnetism and Retention

GCCs are increasingly serving as pipelines for global CXO roles. While this development presents opportunities, it also places pressure on the centers to maintain succession planning frameworks, balancing local leadership development with global readiness and regulatory competence.



Future Leadership Development and Succession Planning

Although Indian GCCs produce exceptional global leaders with Indian-origin executives currently leading 16 Fortune 500 companies worldwide, the domestic ecosystem often fails to recognize GCC leadership talent at an appropriate level. This creates a paradox in which Indian executives excel internationally but encounter systemic barriers to recognition within India.

Government Policies for enabling EoDB for GCCs in India

India has become a preferred destination for GCCs due to its extensive talent pool, strong digital infrastructure, and developing policy environment. Recognizing the role of GCCs in boosting employment, innovation, and technological progress, both central and state governments have introduced measures to simplify operations, enhance investment incentives, and encourage regional growth. These policies aim to balance regulatory compliance with operational flexibility; however, GCCs still face challenges, including complex regulations, tax and transfer pricing issues, and the need to align with global corporate standards.

Current Policies Supporting GCC Setup and Operations

Central Government Initiatives

- **MeitY GCC Policy:** The MeitY is developing a comprehensive framework for GCCs to offer new incentives that complement state-level initiatives. Key focus areas include:
 - Encouraging GCC expansion into smaller towns and cities through dedicated office zones.
 - Supporting niche GCCs in sectors such as healthcare, finance, and emerging technologies.
 - Promoting long-term talent development in cutting-edge fields like generative AI, healthcare, and financial intelligence, with a shift from short-term fiscal incentives to sustainable skill-building aligned with India's technology objectives.
- **Union Budget 2025 Measures:**
 - Development of a National Framework aimed at promoting GCCs in Tier-2 cities.
 - Establishment of National Centres of Excellence to equip youth with globally relevant skills through partnerships with industry.
- **STPI (Software Technology Parks of India) Scheme:** This scheme promotes software development and exports by providing single-window services that ensure compliance with international standards. It integrates global best practices from export-oriented units, SEZs, and science/technology parks into a unified framework for software-driven GCCs.
- **FDI Liberalisation, Digital India, and Labour Code Reforms:** Policies that liberalize foreign investments and streamline labor regulations enhance operational flexibility. Additionally, digital infrastructure initiatives support remote operations, innovation labs, and AI-driven services.

State-Level Initiatives

Karnataka (GCC Policy 2024–2029)

Aims to establish **500 new GCCs**, creating **350,000 jobs** and generating **\$50 billion**. Incentives include rental reimbursements, funding for innovation labs, and support for skill development expenses.



Uttar Pradesh (GCC Policy 2024)

Targets the creation of **1,000 GCCs** and **500,000 jobs**, offering 100% stamp duty exemptions and payroll subsidies.



Maharashtra

Emphasizes the development of **technology parks, SEZs**, and robust data connectivity.



Telangana

Provides rental and operational subsidies for up to five years, along with tax breaks, **enhanced digital infrastructure**, and collaborations between universities and industries.



Madhya Pradesh (GCC Policy 2025)

Includes capital **expenditure subsidies**, patent assistance, and grants for **skill development**.



Andhra Pradesh

Established a **3,600-member GCC Advisory Council** under the leadership of the Human Resources Development (HRD) and IT departments to guide investment decisions.



Challenges vs. Enablers

Challenge	Description	Enablers / Mitigation
Complex Regulatory Environment	Multiple overlapping laws (labour, SEZ/STPI approvals, FEMA, Shops & Establishment Acts, DPDP 2023 updates)	Centralized EoDB portals, STPI single-window services, state-specific GCC policies
Tax and Transfer Pricing Issues	Tax disputes, audits and intra-group transaction complexities	Advance pricing agreements (APAs), professional tax advisory, state compliance incentives
Resource Constraints	Limited staffing, technology budgets amid rising compliance demands	National Centres of Excellence, skill-building initiatives, and government grants for tech adoption
Global-Local Alignment	Conflicts between Indian regulations and parent company policies (e.g., CPRA, GDPR)	Clear cross-border data flow guidelines, legal advisory support, and standardized frameworks
Evolving Trends & Digital Transformation	AI-driven services, geopolitical risks, climate and ESG disclosures	AI compliance tools, real-time digital monitoring platforms
Fluid Regulatory Environment	Nearly 9,000 updates across 3,657 websites in FY2024-25, leading to compliance gaps	State and central EoDB initiatives, automated regulatory tracking systems, and STPI support services

Decriminalisation of Corporate Compliance

India's regulatory framework has historically imposed stringent penalties for minor procedural lapses, often resulting in criminal charges. This approach has created significant challenges for businesses, particularly GCCs, which operate across various jurisdictions with differing compliance requirements.

Key Developments

Karnataka's Progressive Move: In its 2025-26 state budget, Karnataka introduced the Employers' Compliance Decriminalisation Bill. This legislation aims to replace criminal penalties for certain compliance violations with monetary fines or civil actions. Such reforms are intended to reduce the operational burden on businesses and align with global standards of corporate governance.

Decriminalisation of Corporate Compliance

India's regulatory framework has historically imposed stringent penalties for minor procedural lapses, often resulting in criminal charges. This approach has created significant challenges for businesses, particularly GCCs, which operate across various jurisdictions with differing compliance requirements.

Key Developments



Implications for GCCs



Reduced Legal Exposure:

By lessening the risk of criminal charges for minor infractions, GCCs can operate with greater confidence and concentrate on strategic growth.



Enhanced Compliance

Culture: The focus on civil penalties encourages businesses to adopt proactive compliance measures by leveraging technology and best practices.



Attraction of

Investments: A more predictable and business-friendly regulatory environment makes India a more appealing destination for establishing GCCs, which in turn boosts employment generation in the country.

Recommendations

1

Rationalisation of Regulatory Processes

To enhance India's appeal as a preferred destination for GCCs, the government should prioritize the simplification of regulatory processes. This can be achieved by consolidating overlapping approvals, licenses, and reporting obligations across central and state authorities. By streamlining compliance workflows and reducing the duplication of documentation, the government can create a more efficient process for businesses. Initiatives such as PAN 2.0 and the National Open Compliance Grid (NOCG) should be fully utilized to establish a unified compliance framework. This framework will allow GCCs to concentrate on their core business activities and strategic initiatives. By improving operations and enhancing corporate governance, regulatory simplification can significantly increase the ease of doing business for both new and expanding GCCs, fostering operational efficiency and scalability across various jurisdictions.

2

Decriminalisation of Corporate Compliance

Expanding the decriminalization of corporate compliance should be a key policy focus. Minor regulatory infractions should be addressed with civil penalties, warnings, or compliance orders instead of criminal prosecution. This approach reduces legal risks and creates a more predictable regulatory environment, encouraging GCCs to adopt proactive compliance measures. Decriminalization also boosts the confidence of global parent organizations, allowing them to assign higher-value tasks, strategic functions, and innovation initiatives to India-based GCCs. By fostering a compliance culture that prioritizes transparency, internal controls, and risk management, this policy change will strengthen India's GCC ecosystem and enhance its global competitiveness as a hub for strategic business operations.

3

Adopt Tech-Driven Compliance (RegTech)

EGCCs must leverage RegTech solutions to streamline regulatory compliance, reduce costs, and enhance operational efficiency. Technology-driven compliance lays the groundwork for a paperless, presence-less, and cashless approach to regulatory adherence, allowing GCCs to navigate India's complex regulatory environment across multiple jurisdictions. Key initiatives include the adoption of RegTech solutions that can help GCCs reduce compliance costs, minimize regulatory risk, and improve operational efficiency. This, in turn, allows them to allocate resources toward strategic priorities such as innovation, talent development, and ESG compliance. Furthermore, the integrated ecosystem comprising PAN 2.0, EntityLocker, NRCG and India Code (Details are in Appendix 3) enables GCCs to operate confidently within India's intricate regulatory landscape while adhering to global standards for governance and risk management.

4

Foster Collaborative Regulatory Engagement

GCCs in India should actively engage with regulatory authorities, industry associations, standard-setting bodies, policy forums, and sustainability networks. By participating in research collaborations, policy discussions, and shared innovation initiatives, GCCs can anticipate regulatory changes, provide practical feedback, and co-create best practices in compliance. This proactive engagement ensures alignment with evolving regulations, facilitates early adoption of new standards, and positions India-based GCCs as thought leaders in governance and sustainability.

5

The Collaborative Framework for Sustainable Capability

To sustain growth and bridge future talent gaps, India's GCC success depends on a collaborative triad comprising GCCs, Policymakers, and Academia. Together, these partnerships can nurture a compliance-conscious, digitally-skilled, and globally integrated talent ecosystem — one that underpins India's ascent as the Capability and Compliance Capital for Global GCCs.

The GCC–Policy–Academia Triad: Building a Sustainable Capability & Compliance Ecosystem

Stakeholder	Key Enablers / Focus Areas
GCCs (Industry)	Workforce planning, upskilling, AI-driven hiring, and Implementation of global compliance frameworks
Policymakers (Government)	Regulatory simplification (Rationalisation and decriminalisation of business laws), fiscal incentives and digital EoDB (PAN 2.0, EntityLocker, India Code, Nation Open Compliance Grid), ESG disclosure and BRSR Core Frameworks
Academia (Universities / Skilling Ecosystems)	Curricula modernization (integration of compliance modules i.e., data privacy, IP, ethics and so on), research partnerships, innovation clusters and partnership with SEBI, MCA, MeitY on regulatory awareness
Regulatory & Governance Bodies	Ensure cross-border compliance, promote responsible AI & ESG
Cross-Sector Collaboration	Joint skilling programs and applied research
Outcome Metric	Employment-readiness + compliance maturity

6

Maintain a Comprehensive, Dynamic Compliance Framework

GCCs should develop detailed, sector-specific compliance checklists that cover all applicable central and state laws, licenses, approvals, and reporting requirements. These checklists should be categorized by time-based, event-based, and ongoing obligations, and integrated into project management and ERP systems for visibility, accountability, and risk mitigation. Regular risk-based audits should complement these checklists, focusing on operational, environmental, safety, and financial compliance. This structured approach minimizes regulatory lapses, ensures operational continuity, and builds confidence among investors and stakeholders.

7

Adopt Comprehensive Real-Time Regulatory Monitoring

While India is building a robust regulatory infrastructure, platforms like India Code aggregate over 3,700 regulatory websites with metadata-driven search, API integrations, and personalized updates. GCCs setting up operations in India need to complement this with specialized RegTech tools. By institutionalizing digital solutions for regulatory monitoring, GCCs can streamline complex compliance processes, automatically track central and state-level regulations, and integrate real-time updates into internal workflows. These solutions reduce manual effort, mitigate risk, and enable GCCs to maintain proactive, audit-ready compliance across multiple jurisdictions, while aligning with evolving national regulatory frameworks.

8

Create a Culture of Compliance and Accountability

Leadership should establish a “tone at the top” that emphasizes zero tolerance for non-compliance. Compliance officers, in partnership with senior management, should implement robust compliance programs, regularly review adherence, and promote accountability across all levels. Embedding compliance into the organizational culture strengthens reputation, ensures operational integrity, and enhances trust with global stakeholders.

9

Strategic Priorities for GCC Leaders

To remain competitive, GCCs should establish centers of excellence in AI and quantum computing, invest in automation to streamline operations, and adopt agile governance models that can quickly respond to regulatory and geopolitical changes. Geographic diversification can help mitigate regional risks, while investment in upskilling initiatives, particularly in AI, data science, and cybersecurity, ensures a future-ready talent pool. Incorporating advanced cybersecurity capabilities and aligning with global data privacy standards like GDPR and CCPA are critical for protecting sensitive operations. Additionally, embedding ESG goals and sustainable practices enhances corporate reputation, attracts responsible investors, and supports global climate objectives.

10

Future-Focused Workforce Strategies

GCCs should adopt workforce models that are flexible, hybrid, and geographically diversified. Leadership structures should be agile, enabling rapid responses to technological, regulatory, and geopolitical shifts. Investment in specialized tech talent is essential; 80% of new GCCs are prioritizing AI/ML capabilities, while competitive compensation aids in securing high-demand skills in areas like cybersecurity. Expanding into Tier-2 and Tier-3 cities provides access to untapped talent pools, cost efficiencies, and stronger regional ecosystems. Continuous upskilling, learning programs, and inclusive policies foster high-performing, innovative teams while enhancing retention and engagement.

11

Position India as the Most Trusted GCC Destination

By combining robust regulatory frameworks, advanced digital compliance infrastructure, proactive stakeholder engagement and a future-ready workforce, India can reinforce its position as the preferred GCC hub globally. GCCs that integrate these strategies will achieve operational resilience, maintain global competitiveness, and build sustainable growth trajectories while contributing to India's technological and innovation leadership.



Conclusion

India's GCCs have evolved from being back offices to becoming integral nerve centres for global enterprise transformation. What initially began as a cost-arbitrage model has developed into a growth story driven by governance, blending capability, compliance, and competitiveness. With over 55% of the world's GCCs located in India, the country finds itself at the centre of a new global order where compliance is seen not as a constraint, but as a catalyst for sustainable innovation.

As GCCs transition from delivery hubs to strategic command centres, India's strength lies in its ability to combine a vast talent pool with an advancing regulatory framework. The integration of streamlined labour codes, digital compliance infrastructures (e.g., EntityLocker, PAN 2.0 and India Code), and state-level policies promoting ease of doing business is collectively reducing friction and enhancing transparency. Together, these elements are redefining global compliance, local agility, and digital innovation. In the next decade, GCCs will expand beyond traditional boundaries of scale and geography. The rise of Nano GCCs and distributed innovation hubs in Tier-2 and Tier-3 cities is set to democratize opportunities and embed governance across various regions. Although these centres may be smaller in size, they will possess high levels of compliance sophistication, representing India's next phase of decentralized globalization.

Importantly, India's growth as the Capability and Compliance Capital of the World relies on a strong collaborative relationship among GCCs, policymakers, and academic institutions. This partnership will foster a future-ready workforce, institutionalize compliance literacy, and ensure the country's regulatory maturity evolves in tandem with its digital ambitions.

In the coming decade, GCCs in India will contribute not just to GDP and employment, but will also help shape a global framework for responsible enterprise leadership. Thus, India's GCC story is one of continuity and transformation — moving from growth to governance, from scale to sustainability, and from compliance to global confidence.

References

Appendix 1: Details of Assumptions

S.No.	Category	Sub Category	Assumption Details
1	General Details	Company Location	We will consider that the Company has the following: 1. Corporate Office at Bangalore location which is a leased premise 2. We have considered that office is located within the jurisdiction of Bruhat Bengaluru Mahanagara Palika.
2	Corporate Secretarial	Company Type	Company Type: Compliances applicable to a equity listed company has been considered
		Paid Up Capital	The Company's Paid Capital is assumed to be Rs. 250 Cr
			The Company has not issued any "Debentures"
		Other Matters	The Company has Issued ESOPs
			The Company has given loan or provided guarantees
		Exception	Event based secretarial compliances are not covered
3	Finance & Taxation	Company's Association	1. The Company is part of an "International Group" and is required to pay tax in any "Foreign Territory" 2. The Company has have Domestic / International Transaction with related Companies and hence attract "Transfer Pricing" rules
		Other Income Source	The Company does not have any Income from any "Bond and Government Security"
		TDS/TCS Rules	1. TDS Rules are applicable to the company on Payment for Rent, Professional Services, Commission/Brokerage and Contractor etc 2. There are no transactions which leads to payment of TCS
		GST & Other Related Matters	1. GST Registration as Principal Place of Business is obtained at Corporate Office 2. The Company is engaged in Exports of Software Service 3. The Company has not taken "Input Service Distributor" registration
		MSME	The Company has registration at Corporate Office and all payments are done through Corporate Office
		Professional Tax	The Company has registration at Corporate Office

S.No.	Category	Sub Category	Assumption Details
5	Labour	Manpower	Total employee strength: > 500 but less than 1000 Employees
			Following type of Workers have been "Included": 1. Women employees 2. Contract labour
			Following type of Workers have been "Excluded": 1. Construction Workers 2. Adolescent and Child labour 3. Inter State Migrant Workmen
			We have assumed that Company does not have "Trade Unions"
			We have assumed that Company has hired Contract labour and employed more than 20 Contract Labour at both Corporate and Branch office
		Apprentice	We have assumed that Company has opted for NATS Scheme under the Apprenticeship regime at the Corporate Office
		PF Registration and other Related Matters	1. The Company has obtained PF registration at the Corporate Office and all Compliances are managed from the Corporate Office itself. 2. The Company does not have any "International Workers" 3. The Company is not exempted and does not manage Pension Funds on their own 4. The Company does not have Gratuity Trust 5. The Company has taken a Gratuity Insurance at the Corporate Office for all its employees and workers
		Facilities Provided	We have assumed that Company provides the following facilities at the Corporate Office : 1. Canteen Facility operated by Third Party vendor 2. Crèche Facilities Following facilities have been assumed to be "Not Provided" by the Company: 1. Bus Facilities 2. Night Stay Facilities (assuming that night shift is not applicable)

S.No	Category	Sub Category	Assumption Details
6	EHS	Usage of Equipment	We have considered that the Company uses the "Equipment and Machineries" at Corporate Office & Branch Office: 1. Fire Extinguishers
		Waste Generation	We have assumed that the Company is generating the following type of waste: 1. E-Wastes: As a "Consumer" at Corporate Office as well as Branch Office 2. Solid Waste is generated. However, The Company does not generate any "Construction debris" or "Horticulture Waste" or "Plastic Waste" 3. There is no generation of Batteries Waste 4. DG set and its waste are managed by the owner of the building 5. Lift is managed by the owner of the building
7	Commercial	Advertisement	Print and digital advertisements are carried out through CO.
		Motor Vehicle	We have considered a Private Car at Corporate Office
8	Industry Specific	IT Company	1. Corporate office is registered unit under an SEZ 2. Company provides IT/ITES Services 3. Company Exports Software Services 4. There is no FDI and company has made investment outside India (ODI) 5. Company has opted only for APR filing and not MPR and QPR filing under SEZ 6. Company has not opted for Self Certification form under labour laws

Appendix 2: Compliance Categories

Labour

This category encompasses 29 central labour laws that have now been consolidated into four labour codes. Since labour is a concurrent subject, both the Union and State governments have the authority to legislate, resulting in a layered compliance landscape for businesses. Consequently, GCCs must carefully map and monitor the applicable central and state-specific labour laws, rules, and regulations to remain compliant across jurisdictions.

For instance, A Global Capacity Centre registered under a Special Economic Zone in Karnataka with a 1000-seating capacity is required to comply with 151 labour-related compliances. These compliances span across essential labour and social welfare laws that promote a safe, inclusive, and equitable workplace.

Key legislations include:

- The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, and its Rules
- The Employees' Provident Fund (EPF) and Miscellaneous Provisions Act, 1952
- The Maternity Benefit Act, 1961
- The Payment of Wages Act, 1936
- The Payment of Gratuity Act, 1972
- The Rights of Persons with Disabilities Act, 2016
- The Child and Adolescent Labour (Prohibition and Regulation) Act, 1986
- Industrial Disputes Act, 1947
- Shops and Establishments Act

Given the scale of workforce operations and distributed presence, GCCs must proactively implement mechanisms for tracking and adhering to these obligations to mitigate compliance risks and uphold workforce welfare.

Secretarial

This category includes laws on corporate governance and risk management issued by the Ministry of Corporate Affairs (MCA), etc., like:

- Companies Act, 2013 and related rules.
- SEBI Act, 1992
- SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, etc.
- SEBI Act, 1992 & SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- Companies Act, 2013 & Companies (Accounts) Rules, 2014

EHS

EHS compliances form a vital component of the regulatory landscape for Global Capability Centers (GCCs), particularly those operating at scale across multiple states or with large workforces. While GCCs may not be directly engaged in manufacturing or industrial activities, they are still required to meet a host of office-based environmental, health, and workplace safety standards, especially around workplace ergonomics, fire safety, hazardous waste disposal, and employee well-being.

For instance, every GCC must comply with the Indian Standard – Selection, Installation and Maintenance of First-Aid Fire Extinguishers – Code of Practice, which is mandatory for commercial premises. Similarly, data centers or IT-enabled services that handle electronic equipment and batteries fall under e-waste and battery waste management regulations. Below is an illustrative list of key EHS compliances applicable to a typical GCC:

- Indian Standard – Selection, Installation and Maintenance of First-Aid Fire Extinguishers – Code of Practice
- Environment (Protection) Act, 1986 and Environment (Protection) Rules, 1986
- E-Waste (Management) Rules, 2022 under the Environment (Protection) Act, 1986
- Battery Waste Management Rules, 2022
- Bio-Medical Waste Management Rules, 2016 (applicable to workplaces with in-house clinics)
- Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016

Finance & Tax

This category covers a wide spectrum of direct and indirect tax laws applicable to Global Capability Centers (GCCs), including corporate income tax, professional tax, GST, TDS, and foreign exchange regulations. Given that GCCs often operate across multiple states and may be involved in cross-border service transactions, it is critical to maintain robust compliance with financial regulations to avoid penalties and reputational risks.

Presented below is an illustrative list of key finance and taxation compliances applicable to a typical GCC:

- Income Tax Act, 1961 and Income Tax Rules, 1962
- Central Goods and Services Tax Act, 2017 and CGST Rules, 2017
- State-specific GST laws
- Foreign Exchange Management Act (FEMA), 1999
- Customs Act, 1962 and Customs Audit Regulations, 2018

Commercial

GCCs operating in India must navigate a range of commercial laws and sector-specific regulations that govern their infrastructure, branding, vendor relationships, and employee-related services. For instance, many large GCC campuses include cafeterias or food courts, making compliance with the Food Safety and Standards Act, 2006 and the Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011 essential to ensure hygienic food handling and proper licensing. Similarly, if the GCC engages with or supports micro, small, and medium enterprises (MSMEs) as vendors or partners, adherence to the provisions of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 becomes necessary to uphold timely payments and reporting standards.

Additionally, GCCs located within designated Special Economic Zones (SEZs) must comply with the Special Economic Zones Act, 2005 and corresponding Rules, 2006, which offer tax and operational benefits but come with specific compliance requirements. Here's an illustrative list of other acts under the commercial category:

- Food Safety & Standards Act, 2006 & Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011
- MSMED Act 2006
- Motor Vehicles Act, 1988 and Central Motor Vehicle Rules, 1989
- Special Economic Zones Act, 2005 and Special Economic Zones Rules, 2006
- Trade Marks Act, 1999 and Trade Marks Rules, 2017

Industry Specific

Global Capability Centers (GCCs) must also manage a range of industry-specific compliances that address evolving standards in advertising, cybersecurity, intellectual property, finance, foreign investment, and sustainability reporting. Many of these obligations are shaped by global best practices, international conventions, and cross-border operational frameworks, especially given the global nature of services delivered by GCCs.

To safeguard consumer interests and ensure ethical marketing practices, the Consumer Protection Act, 2019, along with the Guidelines for Prevention of Misleading Advertisements and Endorsements for Misleading Advertisements, 2022, imposes strict obligations on endorsements, influencer marketing, and brand claims particularly relevant for GCCs managing digital campaigns or content for parent companies. On the technology front, the Information Technology Act, 2000, paired with the CERT-In Directions dated April 28, 2022, establishes a robust framework for cybersecurity, breach reporting, and information security practices, ensuring that GCCs operate in a safe and trusted digital environment.

Intellectual property is another critical area. The Patents Act, 1970 and Patents Rules, 2003 govern IP ownership, patent filings, and research disclosures, especially relevant for GCCs involved in innovation, software development, or IP support functions. Similarly, SEBI's regulatory framework—including the Master Circular for ESG Rating Providers (2024) and the SEBI (Depositories and Participants) Regulations, 2018—is essential for financial services GCCs engaged in compliance reporting, ESG evaluations, and back-end regulatory filings.

To facilitate seamless export of IT-enabled services, the RBI's ITES Exports Survey (Press Release dated June 24, 2021) under the RBI Act, 1934, ensures data gathering on the size and scale of the IT exports economy, where GCCs are key contributors.

Together, these regulations ensure that GCCs maintain high standards of operational compliance, enhance transparency, and align with national and global expectations on consumer protection, cybersecurity, investment, and intellectual property management.

Illustrative List of Industry-Specific Regulations for GCCs

- Consumer Protection Act, 2019 and Guidelines for Prevention of Misleading Advertisements and Endorsements for Misleading Advertisements, 2022
- Information Technology Act, 2000 and CERT-In Directions dated April 28, 2022
- Master Direction – Overseas Investment; RBI/FED/2024-25/121, dated July 24, 2024
- Patents Act, 1970 and Patents Rules, 2003
- RBI Act, 1934 and RBI's ITES Export Survey, 2021
- SEBI Act, 1992 and SEBI (Depositories and Participants) Regulations, 2018
- SEBI Act, 1992 and Master Circular for ESG Rating Providers, May 16, 2024

General

There are various laws that fall under the General category of law applicable to different organisations. For an IT-based GCC, only the Information Technology Act 2000 and Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011 is applicable. Under it there are various requirements that a GCC has to meet under different provisions:

- Under, Rule 5(2), it is important for an establishment to collecting sensitive personal data/ information fed in computer resource only for lawful purposes or on necessity
- Under Rule 5(3) Ensuring that a person has knowledge of collection of his sensitive personal data being collected from computer resource
- Under Rule 8(1), Preparing documented information security programme and information security policies
- Under Rule 4, it is essential to provide privacy policy for handling of or dealing in personal information given in computer resource
- Under Rule 8(4), annual auditing of reasonable security practices and procedures should be done
- Under Rule 8(4), the security practices and standards implemented should be certified .
- Under Section 43A, Rule 6, it is essential to ensure sensitive personal data or information in a computer resource is transferred only for performance of contract
- Under Section 43A, maintenance of reasonable security of data is mandatory

All the above mentioned compliances are based on data security and privacy which forms a major area of regulatory requirements for GCCs.

- DPDPA- The upcoming Digital Personal Data Protection Act (DPDP Act).
- Cross-border data transfers- Cross-border data transfers must comply with RBI and Ministry of Electronics & IT (MeitY) regulations.
- GCCs must implement ISO 27001-certified security policies.
- Strict data encryption, firewall, and access controls should be in place.
- Incident response protocols to handle cyber breaches must be documented and regularly tested.

Appendix 3: Nature of Compliance

Appointments

- As per the Section 20(1), 20(2), 21, Rule 9(1) of the Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (Prevention and Control) Act, 2017 and Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (Prevention And Control) Rules, 2018, establishment consisting of 100 or more persons, whether as an employee or officer or member or director or trustee or manager shall designate an employee or officer or member or director or trustee or manager person as the Complaints Officer. The Complaints Officer shall dispose of complaints of violations of the provisions of this Act in the establishment within the prescribed manner and time.
- As per Section 149(7) of the Companies Act, 2013 & Companies (Appointment and Qualification of Directors) Rules, 2014 every independent director shall at the first meeting of the Board of directors in every financial year give a declaration that he meets the criteria of independence as mentioned in Additional/Reference text.
- As per Regulation 7 (4) read with Para 4.1 of SEBI Circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/79 dated May 25, 2023 of the SEBI Act, 1992 & SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in case of any change or appointment of a new share transfer agent, the listed entity shall enter into a model Tripartite Agreement [which has been prepared in consultation with Registrar Association of India (RAIN) and some issuer companies] between the existing share transfer agent, the new share transfer agent and the listed entity and shall ensure to upload the format of the same on its Website.
- As per Regulation 7 (1) of SEBI Act, 1992 & SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Listed Entity shall ensure to appoint share transfer Agent or manage the share transfer facility in-house. Where Company Manages in-house share transfer facility so, as and when the total number of holders of securities of the listed entity exceeds one lakh, the listed entity shall either register with the Board as a Category II share transfer agent or appoint Registrar to an issue and share transfer agent registered with the Board.

Audits and Accounts

- Under Rule 8(4) of the Information Technology Act, 2000 and Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011; the body corporate or a person on its behalf shall ensure that the audit of reasonable security practices and procedures are carried out by an auditor at least once a year.
- Under Para 2 of the Companies Act, 2013 and Companies (Auditor's Report) Order, 2020; the auditor shall ensure that the additional matters (As attached in the Sample Form/Attachment) are included in the Auditor's Report.
- Under the Rule 3 (1) First Proviso of the Companies Act, 2013 & Companies (Accounts) Rules, 2014; every company which uses accounting software for maintaining its books of account, shall ensure to use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

Certificate and License

- Under the Clause 8.3 and Para 2.3.6.4 of the Process Manual for NATS of Apprentices Act, 1961 and Guidelines for Implementation of National Apprenticeship Training Scheme under Ministry of Education, every establishment having manpower headcount of 30 and above shall take registration under NATS portal for engaging apprentices.
- Under Regulation 2.1.7 of the Food Safety & Standards Act, 2006 & Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011, food business operator shall for renewal of his licence (1) make an application for the renewal of license in Form B of Schedule 2 (as attached in Sample Form/Attachment) to the concerned Licensing Authority as specified in Additional/Reference Text, along with the documents as specified in Annexure-2 of Schedule-2 (as attached in Sample Form/Attachment) and renewal fees as specified in Schedule-3 (as attached in Sample Form/Attachment), not later than 30 days prior to the expiry date indicated in the license and (2) obtain the renewed licence in Form C from the licensing authority. NOTE: A Registration or license shall be valid and subsisting, unless otherwise specified, for a period of 1 year, from the date of issue of registration or license subject to remittance of fee applicable for the period and compliance with all conditions of license.

Committees

- Under Section 4(3) of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 & Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Rules 2013, an employer shall ensure that the presiding officer and every member of the Internal committee holds office for period not exceeding 3 years, from the date of the nomination.
- Under Section 135(2) read with Annexure II of CSR Rules of the Companies Act, 2013 & Companies (Corporate Social Responsibility) Rules, 2014, every company shall ensure that the composition of the Corporate Social Responsibility Committee and all the details as required in annexure II of CSR Rules has been disclosed in the Board of director's Report. Note: This compliance can also be triggered in the Event module.
- Under Section 135, Rule 4(5) of the Companies Act, 2013 & Companies (Corporate Social Responsibility) Rules, 2014, every company shall ensure that the Chief Financial Officer or person responsible for financial management certifies that the funds so disbursed have been utilised for the purposes and in the manner as approved by board.

Display Abstract/Notices

- As per Rule 7(3), 8(1) of the Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (Prevention and Control) Act, 2017 and Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (Prevention And Control) Rules, 2018; Person in charge or responsible for the establishment shall prominently post the text of the HIV and AIDS policy as a notice at or near the entrance of establishment through which the majority of the persons working in or accessing the services of the establishment enter such establishment. The notice shall be in English and in the language understood by the majority of persons working in or accessing establishments on special boards to be maintained for such purpose.

Examination and Testing

- Under Section 11A(1), Rule 6(A)(v)(i)(ii) of the Maternity Benefit Act, 1961 & Karnataka Maternity Benefit Rules, 1966, employer of an establishment employing 50 or more employees shall ensure that medical check-up of the children in creche is conducted once in two months.

Holiday and Leave

- As per Section 4, Rule 5 Proviso of the Karnataka Industrial Establishment (National and Festival Holidays) Act, 1963 & Karnataka Industrial Establishment (National and Festival Holidays) Rules, 1964; every employer shall display a statement showing list of national and festival holidays declared as paid holidays during the succeeding calendar year on the Notice Board in the factory premises in a conspicuous place for the information of the employees in Kannada and English languages before 31st December every year.

Inspection

- As per Para 11.4 and 11.5 of the Indian Standard - Selection, Installation and Maintenance of First-Aid Fire Extinguishers - Code of Practice; Occupier/owner shall ensure that every extinguisher is maintained, inspected and tested at least once a month in respect of mechanical parts, extinguishing media and expelling means is carried out by properly trained and competent personnel at frequent intervals, to ensure that these are in their proper condition and have not been accidentally discharged or lost pressure or suffered damage. The procedure for such maintenance is mentioned in the Additional/Reference Text.

Meeting

- Under Regulation 25 (3) & (4) of the SEBI Act, 1992 & SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; the listed entity shall ensure that the independent directors of the listed entity hold at least one meeting in a financial year, without the presence of non-independent directors and members of the management, and all the independent directors shall strive to be present at such meeting for following purposes: (a) review the performance of non-independent Directors and the Board as a whole; (b) review the performance of the Chairperson of the listed entity, taking into account the views of executive Directors and non-executive Directors; (c) assess the quality, quantity and timeliness of flow of information between the management of listed entity and the Board of directors that is necessary for the Board to effectively and reasonably perform their duties. NOTE: This provision shall apply to a listed entity that has listed its specified securities on any recognized stock exchange(s) either on the mainboard or on SME Exchange or on the institutional trading platform. [Regulation 15(1)]. NOTE: Entity which has listed its 'specified securities' and 'non-convertible securities' on any recognized stock exchange, shall be bound by the provisions in Chapter IV of SEBI Listing Obligation and Disclosure Requirements. [Regulation 63(1)].

Notice and Correspondence

- Under Section 164 (1) & (2), Rule 14(1) of the Companies Act, 2013 & Companies (Appointment and Qualification of Directors) Rules, 2014; every Director/Designated Partner shall inform to the company/Limited Liability Partnership concerned about his disqualification under sub-section (1) or sub-section (2) of section 164 in Form DIR-8 before he is appointed as director/Designated Partner. In case of Government Company 164 (2) shall not apply.
- Under Clause (14) of Schedule B of the SEBI Act, 1992 & SEBI (Prohibition of Insider Trading) Regulations, 2015, designated persons shall be required to disclose names and Permanent Account Number or any other identifier authorized by law of the following persons to the company on an annual basis: a) immediate relatives b) persons with whom such designated person(s) shares a material financial relationship c) Phone, mobile and cell numbers which are used by them. NOTE: The names of educational institutions from which designated persons have graduated and names of their past employers shall also be disclosed on a one time basis.

Payments

- Under Section 13, Rule 6, 11, Schedule III of the Apprentices Act, 1961 and Apprenticeship Rules, 1992, every employer during the period of apprenticeship shall pay stipend to each engaged apprentice on 10th of every month as specified.
- As per Para 38(1) of EPFS, Para 8 of EDLIS of the EPF Act read with EPFS, EPS and EDLIS (RPFC), The employer shall, deduct the employees contribution from his wages and pay the same along with his own contribution as well as the administrative charges. He shall within 15 days of the close of every month pay the same to the Provident Fund, electronic through internet banking of the State Bank of India or any other Nationalized bank or through PayGov platform or through scheduled banks in India including private sector banks authorised for collection on account of contributions and administrative charge. The EDLI at the rate of 0.5% of basic wage, dearness allowance and retaining allowance if any plus administration charges shall be paid by the employer to the Insurance Fund within 15 days of the close of every month by a separate bank draft or cheque or by remittance in cash in such manner as may be specified in this behalf by the Commissioner.
- Under Section 207, 208, 210, 211 of Income Tax Act, 1961 & Income Tax Rules, 1962, Assessee shall pay advance tax on all income during the financial year, where the amount of such tax payable by an assessee during that year is Rs. 10,000 or more in the following four installments: On or before 15th June of the financial year : Not less than 15% of advance tax. On or before 15th Sep of the financial year : Not less than 45% of advance tax as reduced by the amount paid in the earlier installment. On or before 15th Dec of the financial year : Not less than 75% of advance tax as reduced by the amount paid in the earlier installments. On or before 15th Mar of the financial year : The whole amount (100%) of advance tax as reduced by the amount paid in the earlier installments.
- Under Section 192(1A) and Rule 30 of the Income Tax Act, 1961 & Income Tax Rules, 1962, every person deducting TDS on for paying any income in the nature of a perquisite which is not provided for by way of monetary payment shall deposit the deducted amount on or before 7 days from the end of the month in which the deduction is made or income-tax is due, where tax is paid accompanied by an income-tax challan.

- As per Section 193, Rule 30 of the Income Tax Act, 1961 & Income Tax Rules, 1962; the person responsible for paying to a resident any income by way of interest on securities shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax at the rates in force on the amount of the interest payable. Such TDS (Tax deducted at Source) shall be deposited with the government within a period of 7 days from the end of the month in which the deduction is made.
- As per Section 194-I, Rule 30 of the Income Tax Act, 1961 & Income Tax Rules, 1962; Any person, not being an individual or a Hindu undivided family, who is responsible for paying to a resident any income by way of rent, shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of- (a) 2% for the use of any machinery or plant or equipment; and (b) 10% for the use of any land or building (including factory building) or land appurtenant to a building (including factory building) or furniture or fittings. Such TDS (Tax deducted at Source) shall be deposited with the government.
- As per Section 194C, Rule 30 of the Income Tax Act, 1961 & Income Tax Rules, 1962; A person responsible for paying any sum to any resident (hereafter in this section referred to as the contractor) for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract between the contractor and a specified person shall, at the time of credit of such sum to the account of the contractor or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to— (i) 1% where the payment is being made or credit is being given to an individual or a Hindu undivided family; (ii) 2% where the payment is being made or credit is being given to a person other than an individual or a Hindu undivided family, of such sum as income-tax on income comprised therein. Such TDS (Tax deducted at Source) shall be deposited with the government. Such TDS (Tax deducted at Source) shall be deposited with the government.
- As per Section 194J (1) (c), Rule 30 of the Income Tax Act, 1961 & Income Tax Rules, 1962; Any person, not being an individual or a Hindu undivided family, who is responsible for paying to a resident any sum by way of (a) fees for professional services, or (b) fees for technical services, or (ba) any remuneration or fees or commission by whatever name called, other than those on which tax is deductible to a director of a company, or (c) royalty, or (d) any sum referred to in clause (va) of section 28 (as mentioned in Additional/ Reference Text), shall, at the time of credit of such sum to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to 2% in case of fees for technical services (not being a professional services, or royalty where such royalty is in the nature of consideration for sale, distribution or exhibition of cinematographic films and 10% of such sum in other cases. Such TDS (Tax deducted at Source) shall be deposited with the government.
- As per Section 194H, Rule 30 of the Income Tax Act, 1961 & Income Tax Rules, 1962; a person, not being an individual or a Hindu undivided family, who is responsible for paying, on or after the 1st day of June, 2001, to a resident, any income by way of commission (not being insurance commission referred to in section 194D) or brokerage, shall, at the time of credit of such income to the account of the payee or at the time of payment of such income in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of 5%. Such TDS (Tax deducted at Source) shall be deposited with the government.

- As per Section 194A(1), Rule 30 of the Income Tax Act, 1961 & Income Tax Rules, 1962; any person, not being an individual or a Hindu undivided family, who is responsible for paying to a resident any income by way of interest other than income by way of interest on securities, shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rates in force. Such TDS (Tax deducted at Source) shall be deposited with the government.
- According to Section 195(1), Rule 30(2) of the Income Tax Act, 1961 & Income Tax Rules, 1962; Any person who deducted tax from any interest paid or any interest paid on certain bonds and Government securities (not being interest referred to in Section 194LB or Section 194LC or Section 194LD) or any other sum chargeable under the provisions of this Act, shall pay to the credit of the Central Government the sum so deducted on or before 7 days from the end of the month in which— (i) the deduction is made; or (ii) income-tax is due under sub-section (1A) of Section 192.
- As per Section 194Q, Rule 30(2) of the Income Tax Act, 1961 & Income Tax Rules, 1962; Buyer who deducted tax from sum payable as consideration to seller for buying goods of the value or aggregate of such value exceeding Rs. 50 Lakhs in any previous year, shall pay to the credit of the Central Government the sum so deducted within a period of 7 days from the end of the month in which the deduction is made.
- As per Section 269ST, Rule 6ABBA of the Income Tax Act, 1961 & Income Tax Rules, 1962c, A person shall ensure to not receive an amount of Rs 2 lakh or more— (a) in aggregate from a person in a day; or (b) in respect of a single transaction; or (c) in respect of transactions relating to one event or occasion from a person, otherwise than by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode as may be mentioned in Additional/ Reference Text.
- Under Section 194-R of Income Tax Act, 1961 & Income Tax Rules, 1962; any person responsible for providing to a resident, any benefit or perquisite, whether convertible into money or not, arising from business or the exercise of a profession, by such resident, shall, before providing such benefit or perquisite, as the case may be, to such resident, ensure that tax has been deducted in respect of such benefit or perquisite at the rate of 10% of the value or aggregate of value of such benefit or perquisite. Such TDS (Tax deducted at Source) shall be deposited with the government.
- As per Section 7A(3) of the Karnataka Labour Welfare Fund Act, 1965 & Karnataka Labour Welfare Fund Rules, 1968; the employer and employee contribution in respect of a year shall be paid by the employer to the Board on or before 15th January of the following year.
- As per Rule 3 of the Karnataka Labour Welfare Fund Act, 1965 & Karnataka Labour Welfare Fund Rules, 1968; every employer shall pay all the fines realized and all unpaid accumulations during the quarter ending 31st March, 30th June, 30th September and 31st December on or before 15th April, 15th July, 15th October and 15th January succeeding such quarter to the Welfare Commissioner.
- Under Rule 15 of the Karnataka State Tax on Professions, Trades, Callings and Employments Act, 1976 & Karnataka State Tax on Professions, Trades, Callings and Employments Rules, 1976; Every registered employer who has deducted the tax from the salary or wage, shall remit the same within 20 days of the expiry of a month by deposit of the requisite amount in the treasury by Challan in Form-9 in quadruplicate, as attached in Sample Form / Attachment.

- As per Section 10(2) of the Karnataka State Tax on Professions, Trades, Callings and Employments Act, 1976 & Karnataka State Tax on Professions, Trades, Callings and Employments Rules, 1976; every enrolled person who stands enrolled before the commencement of that year, shall pay the tax payable by him annually on or before 30th April of that year. A challan in Form 9A shall be obtained from the Assessing Authority or the bank as proof of payment.\
- Under Rule 22(1)(i)(a) of the Minimum Wages Act, 1948 & Karnataka Minimum Wages Rules, 1958; in the case of establishments in which less than 1,000 persons are employed employer of such establishment shall pay wages to his employees before the expiry of the 7th day of a month.
- According to Section 53, Rule 80(1), (2) of the Patents Act, 1970 and Patents Rules, 2003, Every patentee shall, to keep its patent in force, pay a renewal fee as per First Schedule (attached herein as Sample Form/Attachment) at the expiration of the second year from the date of the patent or of any succeeding year and the same shall be remitted to the patent office before the expiration of the second or the succeeding year.
- As per Section 19 of the Payment of Bonus Act, 1965 & Payment of Bonus Rules, 1975; every employer shall pay the bonus in cash within 8 months from the close of the accounting year.
- As per Section 10 of the Payment of Bonus Act, 1965 & Payment of Bonus Rules, 1975, Every employer shall be bound to pay to every employee in respect of each accounting year, a minimum amount of bonus at 8.33% of the salary or wages earned by the employee during such accounting year or Rs. 100/- whichever is higher, whether or not the employer has any allocable surplus in the accounting year.
- As per Section 11 of the Payment of Bonus Act, 1965 & Payment of Bonus Rules, 1975; Every employer shall pay for any accounting year a maximum amount of bonus at 20% of salary or wages earned by the employee during such accounting year, where the amount of allocable surplus exceeds the minimum amount of bonus payable to the employees in such accounting year: i.e. 8.33% of the salary or wages earned by the employee during any accounting year or Rs. 100/- whichever is higher.
- According to Section 4A (5) of the Payment of Bonus Act, 1965 & Payment of Bonus Rules, 1975, every employer shall make any payment by way of premium by obtaining an insurance in the manner prescribed, for his liability for payment towards the gratuity under this Act, from the Life Insurance Corporation of India established under the Life Insurance Corporation of India Act, 1956 (31 of 1956) or any other prescribed insurer, or by way of contribution to an approved gratuity fund, he shall be liable to pay the amount of gratuity due under this Act (including interest, if any, for delayed payments) to the controlling authority.
- As per Clause 1 of the Revision of user charges levied by NSDL for SEZ online services; Circular no. K-43014(22)/32/2020-SEZ, Department of Commerce (SEZ Division); Dated 2nd December, 2021, SEZ unit holders or SEZ Developer/ Co-Developer shall pay the AMC Fees annually.

Registers and Records

- Under Section 44AA(2), Rule 6F of the Income Tax Act, 1961 & Income Tax Rules, 1962; Every person carrying on business or profession other than the professions like legal, medical, engineering or architectural profession or the profession of accountancy or technical consultancy or interior decoration or any other profession as is notified by the Board in the Official Gazette shall keep and maintain the books of account and other documents as given in detail in the Additional / Reference Text, if it comes under one of the conditions given in detail in the Additional / Reference Text. The books of account and other documents shall be kept and maintained for a period of 6 years from the end of the relevant assessment year.
- As per Section 11A(1), Rule 6(A)(v)(i) of the Maternity Benefit Act, 1961 & Karnataka Maternity Benefit Rules, 1966; employer of an establishment employing 50 or more employees shall ensure that Body-Mass Index (BMI) of children in creche is recorded in Medical Records once a month.

Report/Intimation

- As per Regulation 13(3) read with BSE Notice No. 20220412-39 dated April 12, 2022; The listed entity shall ensure to file with the recognised stock exchange(s) on a quarterly basis, within thirty days of the end of each quarter, a statement giving the number of investor complaints pending at the beginning of the quarter, those received during the quarter, disposed of during the quarter and those remaining unresolved at the end of the quarter.
- According to Regulation 24A (2) read with LODR Master Circular Chapter IV Section IV- A point 3 of the SEBI Act, 1992 & SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; every listed entity shall submit a secretarial compliance report in such form as specified, to stock exchanges, within sixty days from the end of each financial year and shall ensure that with effect from April 1, 2025, the Secretarial Compliance Report submitted to the stock exchange(s) on annual basis is signed only by the Secretarial Auditor or by a Peer Reviewed Company Secretary who satisfies the conditions mentioned in sub-regulations (1A) and (1B) of regulation 24A. It shall also contain that listed entity has complied with all the requirement relating to resignation of auditor as specified in Chapter V Section V-D Para 6.1 & 6.2 SEBI Act, 1992 and Master circular for compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by listed entities; Circular No. SEBI/HO/CFD/PoD2/CIR/P/0155, dated November 11, 2024. Further, as per Paragraph of Point 11 of SEBI Circular no. SEBI/HO/CFD/CFD-PoD-2/CIR/P/2024/185 dated December 31, 2024., the secretarial compliance report issued by a Peer Reviewed Company Secretary shall include a confirmation on compliance with the requirements by the listed entity.
- As per Regulation 3(5) read with BSE Notice No. 20241018-44 dated 18th October, 2024 of the SEBI Act, 1992 & SEBI (Prohibition of Insider Trading) Regulations, 2015, As per the BSE Notice No. 20241018-44 dated 18th October, 2024 the listed entity which are required to comply with regulation 24A of SEBI(LODR) Regulation, 2015 shall report the compliance of Regulation 3(5) & (6) of SEBI(PIT) Regulation, 2015 in the Annual Secretarial Compliance Report filed with Stock Exchange within 60 days from the end of the Financial year under regulation 24 A of SEBI(LODR) Regulations, 2015.

- As per Clause 1 of Schedule B of the SEBI Act, 1992 & SEBI (Prohibition of Insider Trading) Regulations, 2015; compliance officer shall ensure to report the board of directors and in particular, shall provide reports to the Chairman of the Audit Committee, if any, or to the Chairman of the board of directors, on the trading done by Designated Persons, at such frequency as may be stipulated by the board of directors, but not less than once in a year. NOTE: These are the Minimum Standards for Code of Conduct for Listed Companies to Regulate, Monitor and Report Trading by Designated Persons.
- Section 134(3)(p) read with Rule 8(4) of the Companies Act, 2013 & Companies (Accounts) Rules, 2014, every director of the listed Company or public company with a paid up share capital of Rs. 25 crores or more shall be required to make disclosure of the evaluation of the performance of the Board, committees and individual directors in the Board report.
- As per Section 121 read with Rule 31(2) of the Companies Act, 2013 & Companies (Accounts) Rules, 2014; Every listed public company shall prepare a report on each annual general meeting including the confirmation to the effect that the meeting was convened, held and conducted as per the provisions of this Act and the rules made thereunder. Report prepared as above, shall be filed with the Registrar in Form No. MGT-15, as attached in sample form attachment, within thirty days of the conclusion of the AGM along with the fee.
- Under Section Rule 12 (9) of the Companies Act, 2013 & Companies (Accounts) Rules, 2014; the Board of Directors shall of Company shall ensure that the Directors' Report shall inter alia, for the year in which Employees Stock Option Scheme are issued, contain following details of issue of Employees Stock Option Scheme namely:- (a) options granted; (b) options vested; (c) options exercised; (d) the total number of shares arising as a result of exercise of option; (e) options lapsed; (f) the exercise price; (g) variation of terms of options; (h) money realized by exercise of options; (i) total number of options in force; (j) employee wise details of options granted to;- (i) key managerial personnel; (ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year. (iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.
- Under Regulation 24A (1)(a) of the SEBI Act, 1992 & SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; Every listed holding Company shall ensure that its Unlisted Material Subsidiary Company has undertaken Secretarial audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and also ensure to annex with its Annual report, the Secretarial audit report of its unlisted Material Subsidiary Company.

Returns

- Under Section 44(1) of the Central Goods and Services Tax Act, 2017 and Rule 80(1) of the CGST Rules, 2017, every registered person must furnish an annual return in Form GSTR-9 electronically on the common portal by 31 December following the end of the financial year. This does not apply to input service distributors, persons deducting or collecting tax at source, casual taxable persons, or non-resident taxable persons. Taxpayers with aggregate turnover up to ₹2 crore in FY 2023-24 are exempt for that year.

- Under Sections 35(5) and 44(2) of the Central Goods and Services Tax Act, 2017 and Rule 80(3) of the CGST Rules, 2017, every registered person with aggregate turnover exceeding ₹5 crore in a financial year must furnish a self-certified reconciliation statement (Form GSTR-9C) along with the annual return by 31 December of the following year. This requirement excludes input service distributors, TDS/TCS deductors, casual taxable persons, and non-resident taxable persons.
- Under Section 39(1) of the Central Goods and Services Tax Act, 2017 and Rule 61(1)(i) of the CGST Rules, 2017, every registered person whose aggregate turnover in the previous financial year exceeds ₹5 crore must file a monthly return in Form GSTR-3B by the 20th day of the succeeding month through the GST common portal.
- Under Section 37(1) of the Central Goods and Services Tax Act, 2017, Rule 59(1) of the CGST Rules, 2017, and Section 14 of the IGST Act, 2017, every registered person (other than ISD, non-resident taxable person, composition taxpayer, TDS/TCS deductor, or OIDAR service provider) having aggregate turnover above ₹1.5 crore must furnish details of outward supplies for the month in Form GSTR-1 electronically. Note: A taxpayer cannot file GSTR-1 if GSTR-3B for the preceding two months remains unfiled.
- Under Rule 82(2) of the Contract Labour (Regulation and Abolition) Karnataka Rules, 1974, framed under the Contract Labour (Regulation and Abolition) Act, 1970, every principal employer of a registered establishment must file an annual return in Form XXV on or before 15 February following the end of the year. Employers who have opted for the Self-Certification-cum-Integrated Periodic Returns Scheme must instead submit an Integrated Self-Certified Return in Form III between 1 January – 31 January each year (Notification No. LD 24 LED 2016, dated 16 September 2016).
- Under Regulation 31 of the Employees' State Insurance (General) Regulations, 1950, read with the Employees' State Insurance Act, 1948 and Rules, 1950, every employer must pay ESI contributions via electronic mode at the rate of 3.25% (employer) and 0.75% (employee) of wages on or before the 15th of each month. Employers must also generate and submit contribution details electronically. (Revised rates effective 1 July 2019.)
- Under Section 5 of the Employment Exchange (Compulsory Notification of Vacancies) Act, 1959 and Rule 6 of the Employment Exchange Rules, 1960, every employer must furnish a quarterly return in Form ER-I to the local Employment Exchange within 30 days of each quarter end — 31 March, 30 June, 30 September, and 31 December — reporting vacancies that have occurred or are about to occur.
- Under Paragraph 83 of the Employees' Provident Fund Scheme, framed under the EPF & MP Act, every employer must submit Form IW-1 along with Form 5 to the Regional Provident Fund Commissioner within 15 days of the close of the month for all employees qualifying as international workers. If no such workers exist, a 'Nil' return must be filed.
- Under Paragraph 38(1) of the EPF Scheme, Paragraph 3 of the EPS, and Paragraph 8(1) of the EDLI Scheme, every employer must file a monthly Electronic Challan-cum-Return (ECR) showing contributions and administrative charges within 15 days of month-end. *Only UANs seeded with Aadhaar can be used for ECR filing (effective 1 June 2021).*
- Under Para 6B(i) of the Foreign Exchange Management (Export of Goods & Services) Regulations, 2015, read with A.P. (DIR Series) Circular No. 80, every software exporter with annual turnover above ₹1,000 crore or over 600 SOFTEX forms annually must submit a monthly statement (Annexure A + SOFTEX forms) to the nearest STPI within 30 days from the close of the month in which invoices are raised.

- Under Regulation 10(4) of the Foreign Exchange Management (Overseas Investment) Regulations, 2022, read with Part VIII of the RBI Master Direction, any resident acquiring equity in a foreign entity as Overseas Direct Investment (ODI) must file an Annual Performance Report (APR) for each foreign entity by 31 December every year. Reporting is not required if (i) the holding is < 10% without control and there is no other financial commitment, or (ii) the foreign entity is under liquidation.
- Under Regulation 10(5) of the Foreign Exchange Management (Overseas Investment) Regulations, 2022, read with Part VIII of the RBI Master Direction, every Indian entity making ODI must submit an Annual Return on Foreign Liabilities and Assets (FLA Return) to the RBI Department of Statistics and Information Management by 15 July each year.
- Under Section 285BA of the Income Tax Act, 1961 and Rule 114E of the Income Tax Rules, 1962, specified reporting entities such as assesseees, government offices, local authorities, registrars, post offices, banks, and stock exchanges must furnish a statement of specified financial transactions or reportable accounts in Form 61A by 31 May following the financial year.
- Under Section 92E of the Income Tax Act, 1961 and Rule 10E, every assessee entering into international or specified domestic transactions during a financial year must obtain and submit a report from an accountant in Form 3CEB to the prescribed authority.
- Under Sections 193, 194A, 194C, 194D, 194H, 194I, 194J, 194K, 194LB, 194LBA, 194LLB, 194Q, 194R, and 194BA read with Rule 31A of the Income Tax Rules, 1962, every person deducting TDS on specified payments (interest, rent, commission, professional fees, etc.) must file Form 26Q electronically within 30 days of month-end in which the deduction is made. For the last quarter, filing is due by 30 May of the following year.
- Under Sections 192 and 200(3) of the Income Tax Act, 1961 read with Rule 31A, every employer deducting TDS on salaries must file a quarterly statement in Form 24Q (and Form 27A) within 30 days of the quarter's end. The return for the quarter ending 31 March must be filed by 30 May.
- Under Section 197A of the Income Tax Act, 1961 and Rules 29C(4) and 31A(4)(vii), every person responsible for TDS must include particulars of Form 15G and 15H declarations (received from eligible individuals or senior citizens for non-deduction of TDS on specified incomes such as interest, dividends, rent, etc.) in their periodic TDS statements.
- Under Section 139(1)(aa) and Section 92E of the Income Tax Act, 1961 read with Rule 12(1), every company to which transfer-pricing provisions apply must file its annual income-tax return in Form ITR-6 or ITR-7 by 30 November of the assessment year.
- Under Sections 44AB and 92E of the Income Tax Act, 1961 read with Rule 6G, every prescribed assessee engaged in international or specified domestic transactions must submit an audit report by 31 October each year — in Form 3CA (if accounts are audited under any other law) or Form 3CB (if not) — along with a statement of particulars in Form 3CD.

Safety and Welfare

- As per Para 6.1, 6.3, 6.5, 6.8 of the Indian Standard - Selection, Installation and Maintenance of First-Aid Fire Extinguishers - Code of Practice; every owner/ occupier shall ensure the following : (i) extinguishers are placed in conspicuous positions and are readily accessible for immediate use in all parts of the occupancy (ii) place the fire extinguishers either in a trolley or mount it on wall firmly, (iii) not place it in a position where it is likely to gain heat from the surrounding equipment or process. (iv) extinguishers are available for immediate use at all times and sited in such a way that it is not necessary to travel more than 15 meters from the site of the fire to reach the extinguishers.

Training

- Under Rule 6(2), Rule 9(2) of the Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (Prevention and Control) Act, 2017 and Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (Prevention And Control) Rules, 2018; Establishment shall within 30 days of appointment of Complaints Officer, provide training to the Complaints Officer on the provisions of the Act including information on prevention, care, support and treatment related to HIV, human sexuality, sexual orientation and gender identity, drug use, sex work, people vulnerable to HIV, stigma and discrimination, principles of the greater involvement of people living with HIV, strategies of risk reduction, etc.
- Under the Rule 3(4) of the Protection of Children from Sexual Offences Act, 2012 and Protection of Children from Sexual Offences Rules, 2020; Any institution housing children or coming in regular contact with children including schools, creches, sports academies or any other facility for children shall organise periodic training of every staff, teaching or non-teaching, regular or contractual, or any other person being an employee of such Institution coming in contact with the child, for sensitising them on child safety and protection.

Appendix 4: Digitalisation Reforms

PAN 2.0

- An employer has at least 23 different identities. For example-
 - Central : EPFO Number, ESIC Number, PTIN, IEC, FSSAI, LIN (Labour identification Number), PAN, TAN(multiple), GSTN, CIN, Udyog Aadhar
 - State : Professional Tax Number, Factory licence number, Shop & Establishment Registration, Labour welfare board registration, Contract labour Principal Employer registration number, TIN
- All of these should be integrated into PAN 2.0 (Common Business Identifier)
- Benefits of PAN 2.0:
 - Single identity will enable data aggregation for a business; enable creation of corporate governance score
 - Enable detection of delays, frauds, evasion across multiple parts of the government
 - Reduce duplication of data and information submitted to different parts of the government
 - Enable implementation of Entity Locker for all licenses, registrations, permissions, NOCs and Notices

EntityLocker

- Integrate PAN 2.0 with EntityLocker to enable seamless sharing of documents across government departments and employers.
- All government-issued enterprise documents should be delivered to the vault, laying the foundation for a paperless compliance ecosystem
- Benefits of Entity-Locker:
 - Tamperproof, secure and verifiable evidence of government issued documents
 - A step towards enhanced digitisation of regulatory review and enforcement
 - Simplified Sharing: Seamless sharing of business documents with government authorities, regulators, banks, and other stakeholders
 - Enhanced Security: Protection of sensitive data through encryption and secure access
 - Consent-Based Sharing:
 - Responsible data sharing, ensuring that documents are shared only with explicit consent
 - Reduction in paperwork and administrative costs associated with document management
 - Risk Mitigation: Protection against data loss in case of disasters or accidents through cloud-based storage

National Regulatory Compliance Grid (NRCG)

- The National Regulatory Compliance Grid (NRCG) is envisioned as a Regulatory Digital Public Infrastructure (DPI) integrating all Indian regulatory bodies such as MCA, GSTN, RBI, MCA, EPFO, ESIC, Income Tax, DGFT and others into a single virtual connected system via APIs

- The NRCG will create an ecosystem of private regulatory technology companies that will innovate at the periphery
 - Empaneled private sector companies (like banks and fintechs on UPI) will build applications for tracking, automation and filing similar to payment ecosystem on NRCG
 - NRCG will enable:
 - Paperless, Presenceless & Cashless Compliance
 - Real-time payments, filings and regulatory updates without any manual intervention
 - Data intelligence capabilities for defaults, delays and fraud via advanced analytics
- Will leverage PAN 2.0 and EntityLocker

India Code (a regulatory updates platform)

- 3,756 total websites- 561 central government; 2,064 state government; 1,131 local government
- Some have enabled digital filings but all have their own user interface, authentication system and credentials
- No standardisation in security systems, levels of automation, acknowledgements, alerts, notifications, reminders etc
- Key Features:
 - One Platform, All Updates: Aggregates regulatory updates from all relevant bodies and portals.
 - Metadata-Driven Searchability: Each update is tagged with date, jurisdiction, issuing body, law, industry, and category
 - Personalised Subscriptions: Businesses can subscribe by industry, department, law, or geography to receive updates via email, SMS, WhatsApp, or a mobile app
 - APIs for Integration: Allow integration with internal compliance systems of large enterprises and ERP platforms.
 - Granular Filtering: Sort by regulator (RBI, SEBI, GSTN), industry (banking, manufacturing), or subject (taxation, labour, EHS)
 - Official Sources Only: Each entry links to the original government publication or gazette to ensure authenticity and trust



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