For two decades, the story of India’s Global Capability Centres was really a story about two or three cities. Bengaluru ran the engineering. Hyderabad and the National Capital Region picked up much of the rest. Everyone else watched from the sidelines. That era is ending, and what replaces it is more interesting than a simple growth chart: it is a genuine contest among Indian states for a slice of what could become a $150 billion sector by 2030.

This matters well beyond India’s borders. GCCs are no longer the outsourced back office of Western memory — the place where a bank sent its data entry or a software firm sent its support tickets. They are, increasingly, where global companies actually build things: risk models for international banks, chip design for semiconductor firms, AI platforms for consumer tech giants, and the software that runs supply chains from Ohio to Rotterdam. When a Fortune 500 company decides where its next centre of excellence in machine learning will sit, the answer is now as likely to be Pune or Coimbatore as San Jose. And increasingly, the more interesting question for a multinational isn’t “should we be in India” — that decision was made years ago — but “which India should we be in.”

The numbers explain why states have decided this fight is worth having. India’s finance ministry has pointed to GCCs currently contributing somewhere in the range of $65–70 billion in gross value addition to the economy — a figure that could roughly double, to between $100 billion and $150 billion, by the end of the decade. Industry estimates put the current centre count above 1,700, employing close to two million people directly, with projections that both figures could grow by 40–50 percent by 2030. That is not incremental change. That is an entirely new layer of the Indian economy taking shape inside a five-year window, and every state capital wants a piece of it.

What is striking is how deliberately this has moved from something that simply happened — companies gravitating to wherever the engineers already were — to something that is now being actively managed and contested through policy. Karnataka, the incumbent, is not sitting still. It has rolled out a dedicated GCC policy aiming to add roughly 500 new centres by 2029 and push its GCC revenue toward $50 billion, while trying to solve the problem that made it famous in the first place: Bengaluru is congested, expensive, and running out of room. Its “Beyond

Bengaluru" push offers steeper subsidies for GCCs that set up in Mysuru, Hubballi-Dharwad, or Shivamogga rather than the capital, alongside a dedicated upskilling programme aimed at training 100,000 people in AI and blockchain. This is a mature ecosystem trying to defend its lead by decentralising within its own borders before someone else decentralises it for them.

Uttar Pradesh has taken the more aggressive route of a challenger with something to prove. It already has a real base — roughly 500 GCC units clustered in Noida and Greater Noida, riding on the coattails of Delhi-NCR's ecosystem — but its 2024 GCC policy is explicit about wanting far more. The incentive structure is telling: land subsidies scale from 30 percent in already-developed NCR-adjacent districts up to 50 percent in the state's more economically lagging Poorvanchal and Bundelkhand regions. That is a state using GCC policy not just to chase investment, but to try to spread it geographically in a way the market alone never would. Add grants covering half the cost of setting up AI or cybersecurity centres of excellence, up to ₹10 crore per project, and it becomes clear Uttar Pradesh sees GCCs as a lever for its stated ambition of becoming a trillion-dollar state economy — a way to leapfrog from manufacturing and traditional services straight into knowledge work.

And it doesn't stop there. Tamil Nadu is using payroll subsidies to pull high-paying GCC jobs into Chennai. Telangana is trading on Hyderabad's existing strength in BFSI and pharma, backed by its long-running single-window clearance system. Gujarat is making a specific play for financial services and fintech GCCs through GIFT City, India's sole international financial centre, sweetened with tax breaks. Andhra Pradesh is experimenting with hub-and-spoke models built around shared workspaces in smaller cities. Madhya Pradesh, Maharashtra, Kerala, and even Bihar — hardly the first names one associates with global enterprise engineering — now have their own GCC policies on the books, each betting on a different combination of cost, talent, connectivity, or quality of life.

It would be easy for an American or European executive to file this under "interesting local politics" and move on. That would be a mistake, for a simple reason: GCCs have become the operational spine of a large share of global business. They run compliance for international banks, monitor cybersecurity for multinational insurers, engineer cloud infrastructure for retailers, and increasingly

own genuine product and R&D mandates rather than just executing someone else's blueprint. When Western firms decide where to place a new AI centre of excellence, or where to consolidate a risk function, they are not choosing between "onshore" and "offshore" anymore. They are choosing between an increasingly differentiated menu of Indian states, each offering a distinct combination of subsidy, talent pipeline, regulatory ease, and specialization.

That differentiation is the real story here, and it is good news for companies willing to do their homework. A bank looking to build out fintech and risk capabilities has a genuinely different calculus in Gujarat, with its GIFT City tax advantages and financial-sector focus, than it does in Karnataka, where the depth is in engineering and product design, or in Telangana, where pharma and BFSI talent pools overlap in ways few other states can match. A firm chasing pure cost efficiency for high-volume, moderate-complexity work might find Uttar Pradesh's tier-II cities or Bihar's emerging incentive regime more compelling than anything Bengaluru can now offer, simply because the latter's costs have risen with two decades of success. This is, in effect, India offering multinationals a portfolio rather than a single destination — and portfolios are usually more resilient than single bets.

The Risk of a Race to the Bottom

None of this unfolds without real risk. When two dozen state governments are simultaneously offering capital subsidies, land discounts, payroll incentives, and tax holidays to attract the same pool of global corporate investment, there is an obvious danger: a bidding war in which states progressively erode their own fiscal position to win projects that would likely have landed in India regardless of the specific incentive package. Economic history, in India and elsewhere, is not short of examples of state governments competing away public revenue to attract investment that delivers less than promised, or that simply relocates from one Indian state to another rather than genuinely expanding the pie.

There are signs this is understood in Delhi. The Ministry of Electronics and Information Technology has reportedly been working on a national framework for GCCs, an attempt to set some common ground rules that prevent the states' understandable competitive instincts from degenerating into fiscally destructive

undercutting. Whether that framework materializes with real teeth, or remains aspirational while states continue to sweeten their individual pitches, will say a great deal about whether this period is remembered as the moment India's GCC sector matured into a genuinely diversified, resilient ecosystem, or as a cautionary tale about subnational competition run without adult supervision.

Subsidies matter, but they are rarely decisive on their own — multinational companies setting up centres that will run for a decade or more do not choose locations primarily on the basis of a one-time capital grant. What tends to matter more is the durable stuff: the depth and renewal rate of the local talent pool, the ease of actually getting a project licensed and operational, the quality of connectivity and physical infrastructure, and whether a state's promised incentives survive a change of government five years down the line.

This is where the more thoughtful state policies distinguish themselves from mere subsidy auctions. Karnataka's investment in structured upskilling for deep-tech skills, rather than just tax breaks, is a bet that talent quality compounds in a way one-time grants do not. Kerala's emphasis on quality of life and high-speed digital connectivity through initiatives like KFON is a wager that in a hybrid-work world, liveability itself becomes a competitive input. Uttar Pradesh's decision to ease routine labour-law inspections for eligible centres, subject to periodic compliance checks, targets the everyday friction that often frustrates multinationals more than headline tax rates ever do. States that treat GCC policy as industrial strategy — building talent pipelines, streamlining regulation, investing in infrastructure that outlasts any single subsidy cycle — are likely to outcompete those relying purely on the size of the discount they can offer this quarter.

A More Resilient India, If Managed Well

Step back far enough, and the state-level GCC race looks less like fragmentation and more like specialization — the natural next stage for a sector that has outgrown a two-city model. An ecosystem with genuine depth in Bengaluru's engineering talent, Hyderabad's BFSI and pharma expertise, Gujarat's fintech ambitions, and Uttar Pradesh's scale and cost advantages is structurally more resilient than one concentrated overwhelmingly in a single metro vulnerable to congestion, wage

inflation, or infrastructure strain. It also spreads the economic benefits of this sector — well-paying, skill-intensive jobs — into parts of the country that badly need them, from Bihar's tier-II cities to Andhra Pradesh's emerging hubs.

For Western companies, the practical takeaway is straightforward: the era of defaulting to whichever Indian city a company already knows is ending. The states making the most credible long-term investments — in skills, in regulatory clarity, in infrastructure that will still function well after the ribbon-cutting — are the ones likely to host the higher-value, longer-duration mandates a decade from now. Engaging India through this more granular, state-by-state lens is no longer optional diligence; it is fast becoming the difference between placing a centre in yesterday's India and tomorrow's.

The $150 billion target is ambitious, but it is not the number that should draw the most attention. What deserves scrutiny is whether the fifty-state sprint now underway sharpens India's knowledge economy into something genuinely more capable and distributed, or whether it dissolves into a subsidy contest that quietly drains state treasuries for investment that would have come anyway. On the answer to that question rests not just India's next decade of growth, but where a great deal of the world's most important corporate work will actually get done.