

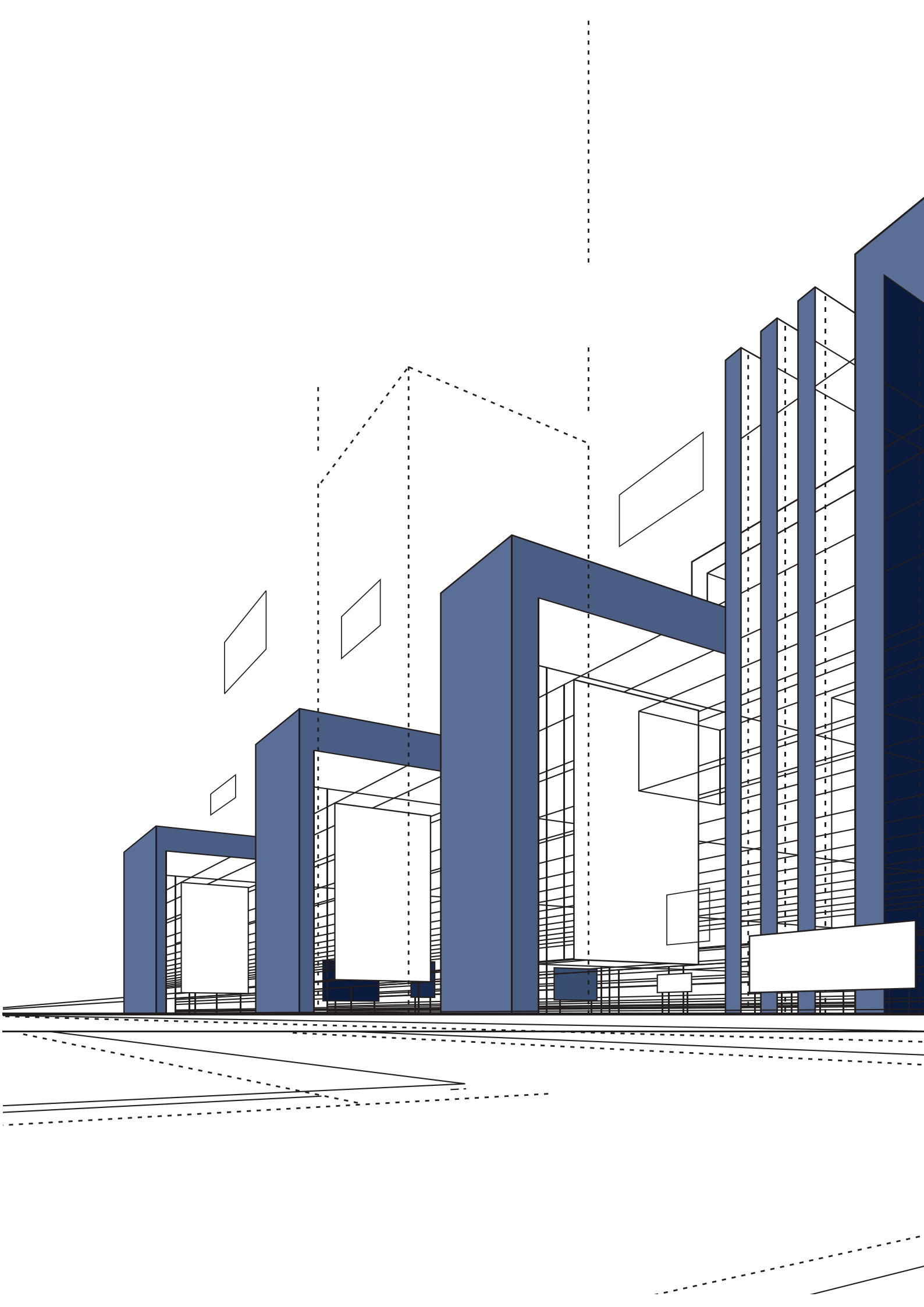


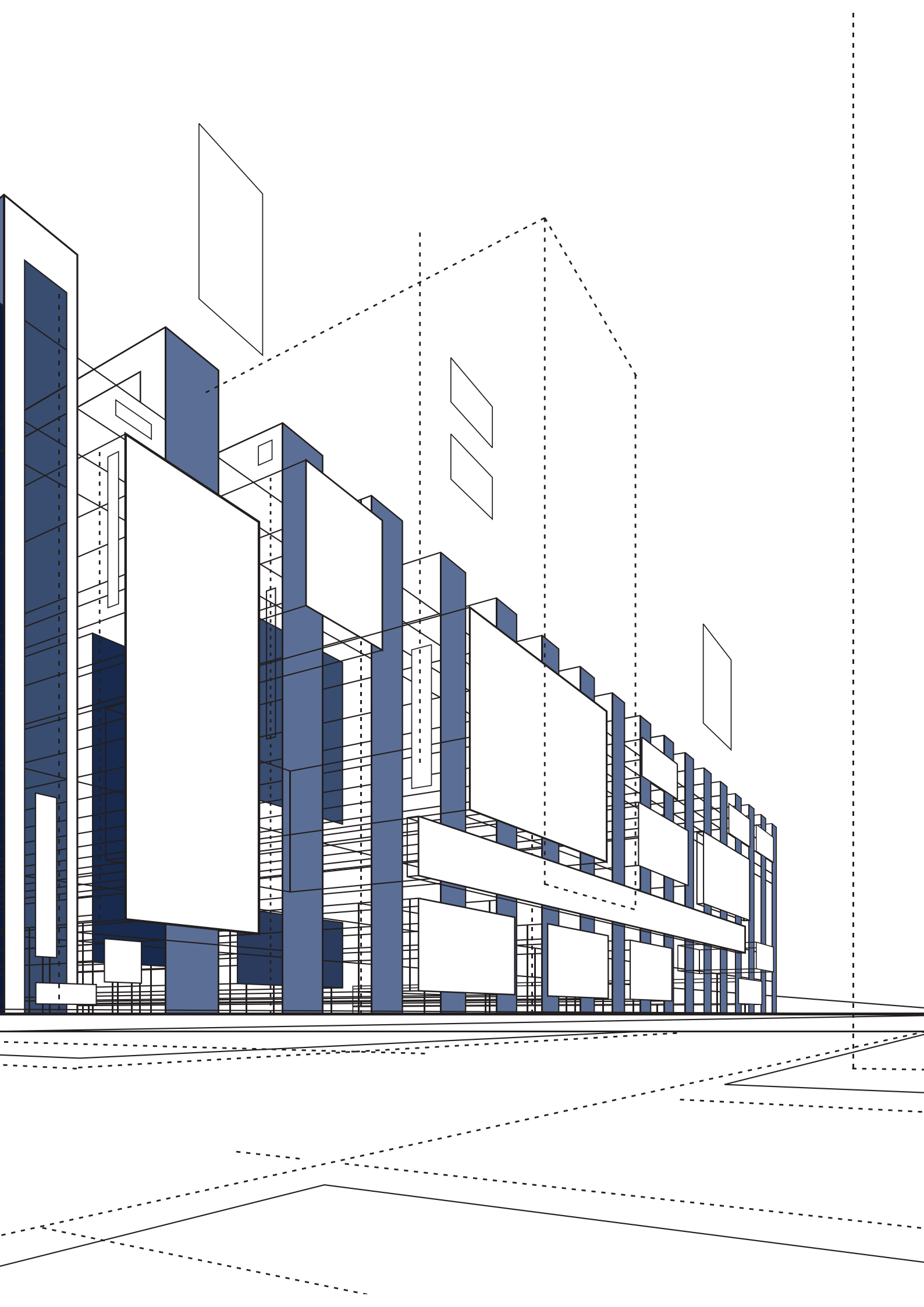
KARNATAKA

GLOBAL CAPABILITY CENTRE (GCC)

POLICY

2024-2029







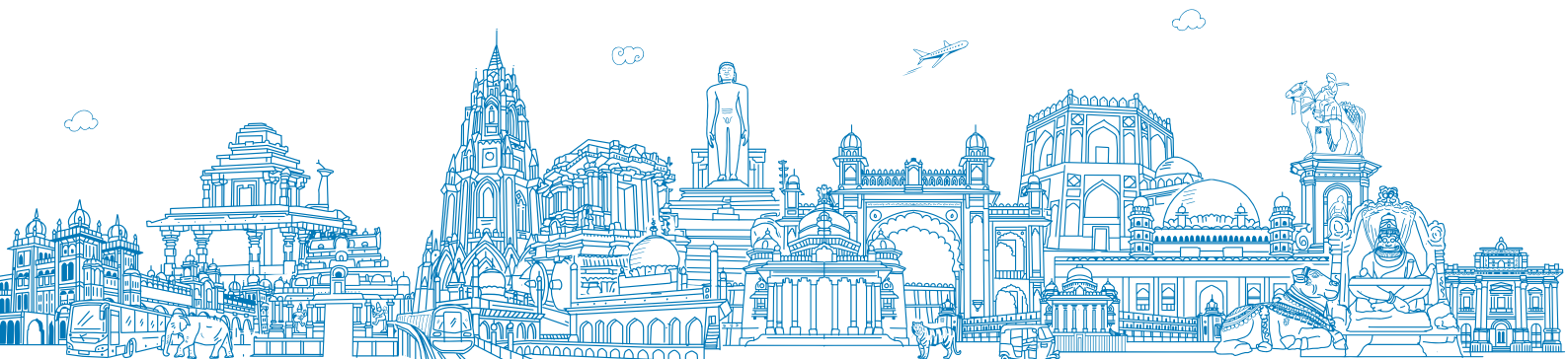
Shri Siddaramaiah

Hon'ble Chief Minister,
Government of Karnataka

It is with great enthusiasm that I unveil the Karnataka Global Capability Centres (GCC) Policy 2024. This Policy marks a milestone in our journey to cement Karnataka's position as a premier destination for innovation, business services, and cutting-edge technology solutions. In today's interconnected world, GCCs stand as pillars of economic vitality, fostering skill enhancement and generating employment opportunities. Our State, with its unparalleled infrastructure, diverse talent pool, and forward-thinking governance, has consistently led the evolution of the GCC landscape.

The Karnataka GCC Policy 2024 is designed to reinforce this leadership by nurturing an ecosystem that is conducive to the growth and success of GCCs throughout the state. We are dedicated to providing the necessary incentives for businesses to flourish, supporting their expansion into burgeoning clusters, and stimulating innovation in our tier 2 cities, thereby democratizing opportunities for prosperity.

I would like to express my heartfelt gratitude to all the stakeholders, industry pioneers, and thought leaders whose insightful contributions have been pivotal in shaping this policy. Together, we will continue to strive towards a future where Karnataka is synonymous with excellence for GCCs, driving progress for our State and the entire nation.





Shri Priyank M Kharge

Hon'ble Minister for Electronics, IT, Bt and
Rural Development and Panchayat Raj,
Government of Karnataka

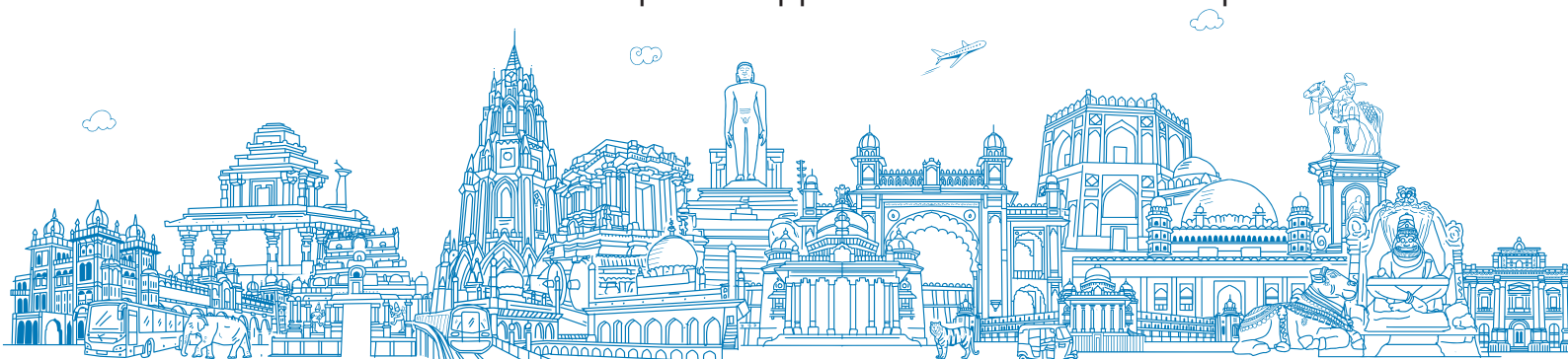
In our ever-more connected global landscape, Karnataka is reinforcing its position as a preeminent hub for innovation and business services with the introduction of the Karnataka Global Capability Centres (GCC) Policy 2024. This policy is a testament to our unwavering dedication to nurturing the expansion of GCCs, which are vital engines of technological innovation, operational prowess, and employment generation across diverse industries. With precision, we have tailored incentives and support structures to meet the distinct needs of these centres, enabling them to harness Karnataka's full potential.

The policy is built upon four foundational pillars: cultivating a highly skilled workforce, fostering collaboration between GCCs and Karnataka's vibrant innovation ecosystem, establishing a supportive regulatory framework, and offering targeted incentives for growth both within Bengaluru and beyond.

Our vision extends beyond reinforcing Bengaluru's reputation as a top choice for GCCs; we aim to spread the prosperity of this booming sector to other cities within the state, promoting balanced regional development.

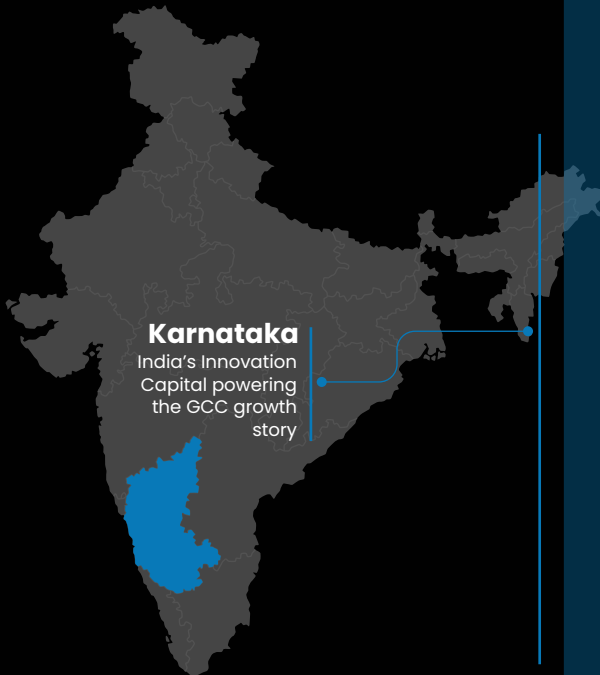
Our ambition is to forge a mutually beneficial alliance with GCCs, providing them with a rich soil for innovation that yields economic and intellectual dividends for the state. Concentrating on sustainability, skill development, and digital empowerment, we are charting a course towards a new chapter of expansion and wealth in the innovation sector of Karnataka.

I warmly invite international businesses to embark on this promising venture with us and discover the exceptional opportunities that Karnataka presents.



Karnataka – powering GCC ecosystem in India

Karnataka Innovation ecosystem



- World-Class Infrastructure**
crucial for supporting industries and investment


- Top Destination for Investment**
Karnataka is a leader in FDI, having attracted \$51.03 billion between 2019-2024


- Unmatched Talent Pool**
Enabling GCCs to access the most diversified talent to support key business operations and research incl. AI and deep-tech


- India's Largest Startup Hub and Unicorn Capital**
Provide a fertile ground for experimentation, collaboration and co-innovation for GCCs


- Diversified presence of GCCs across industries**
Enhance customer targeting, personalization, and lead generation, for more effective campaigns


- Dynamic and cosmopolitan culture**
Deepening people-to-people connectivity across borders and providing rapid growth opportunities


- Fastest growing commercial real estate**
Provide a ready to access market for GCCs to begin operations rapidly


- Industry-friendly government policies**
Generate new ideas, simulate scenarios, and assist in the development of cutting-edge products



The city is home to over




30%
of the country's GCCs and
35%

of the **workforce**, thanks to the state's robust talent pool, innovation ecosystem, and favourable business climate.

Ranked

#1

in the **India Innovation Index 2021** by NITI Aayog, Karnataka's leadership in technology and startups continues to flourish through sector-specific policies.

	 Number of GCC Units	 GCC Talent Pool	 GCC Market Size
India	2975+	1.9 million+	US\$ 64.6 billion
Karnataka	875+	0.6 million+	US\$ 22.2 billion

Karnataka GCC Policy-on-a-Page

Policy Targets

To attract establishment of **500 new GCCs** in Karnataka achieving a total number of **1,000 GCCs** in Karnataka by **2029**

To support creation of **3.5 lakh** new jobs in Karnataka by **2029**

To generate economic output of **US\$50 billion** in Karnataka through the GCCs being established by **2029**



Marquee announcements





Contents

1	INTRODUCTION	02
2	GLOBAL CAPABILITY CENTRES	04
● 2.1	Emergence of GCC Sector in India	04
● 2.2	Karnataka: India's Innovation Capital powering the GCC growth story	06
● 2.3	Future of GCCs in Karnataka	24
3	KARNATAKA GCC POLICY OVERVIEW	26
● 3.1	Karnataka's Goal 2030 for the GCC Ecosystem	26
● 3.2	Objectives of the Policy	27
● 3.3	Targets	27
● 3.4	Marquee announcements	28
● 3.5	Key Pillars of the Policy	33
4	POLICY INCENTIVES	38
● 4.1	Pillar 1: Talent	38
● 4.2	Pillar 2: Local Ecosystem	42
● 4.3	Pillar 3: Infrastructure and Incentives	45
● 4.4	Pillar 4: Regulatory easing	48
5	SUMMARY OF THE INCENTIVES	52
6	DEFINITIONS	56
7	ABBREVIATIONS	60



1

INTRODUCTION

Karnataka stands as a beacon of innovation, with its vibrant ecosystem hosting 875+ esteemed Global Capability Centres (GCCs) Units.

The State boasts the largest share of India's GCC talent, with approximately 35% of the country's GCC workforce contributing to its dynamic economy. In recent years, these centres have evolved from traditional back-office roles to become crucibles of innovation, reflecting a significant climb up the value chain.

Against this backdrop, Karnataka is poised to ascend as the preeminent Global Innovation Hub. To realize this vision, it is imperative to address the challenges faced by GCCs in establishing and operating within the state. Karnataka's robust ecosystem is key to facilitating this transition. The Government of Karnataka is resolute in its mission to promote the state as a global nexus of innovation by both spotlighting existing ingenuity and drawing industry leaders who will pioneer future advancements. Furthermore, the government is dedicated to fostering a research-friendly environment that nurtures innovation and intellectual exploration.

A key objective is to ensure balanced growth throughout the state by championing the 'Beyond Bengaluru' initiative, aiming to decentralize development and cultivate a thriving ecosystem that supports seamless GCC operations across Karnataka.

In light of these ambitions, a comprehensive policy framework is vital to nurture and sustain Karnataka's growth, reinforcing its status as the destination of choice for global innovators and thought leaders.



2

GLOBAL CAPABILITY CENTRES

2.1 Emergence of GCC Sector in India

2.1.1 Global Landscape of GCCs

Global Capability Centres (GCCs) have evolved from being cost-centric back-office hubs to strategic entities within multinational corporations (MNCs). Originating in the early 2000s, these centres capitalized on emerging markets like India for their cost-effective talent and affordable real estate, focusing on Business Process Outsourcing (BPO) tasks such as data processing and customer service, alongside IT support services aimed at operational efficiency.

The transformative years between 2005 and 2012 marked the rise of Global In-house Centres (GICs), as GCCs began to undertake more complex, value-added roles. They transitioned from basic BPO functions to taking ownership of global product lifecycles, enhancing process efficiency, and driving delivery excellence. The development of Research and Development (R&D) capabilities during this period led to product and service innovation, with a strategic shift towards digital transformation.

The establishment of innovation centres from 2013 onwards represented a new era for GCCs, characterized by high-value activities and the adoption of advanced technologies such as AI, machine learning, data science, blockchain, and advanced analytics. These centres expanded their focus to include strategic functions like product conceptualization and vendor management, reflecting a growing emphasis on digitalization

India emerged as a leading location for these innovation centres, leveraging its robust talent pool and cost benefits. The GCC landscape in India diversified across various sectors, including engineering research and development (ER&D), information technology (IT), retail, and banking and financial services (BFSI). Today, India's GCCs are not just support centres but critical components of MNCs' strategic operations, driving innovation and high-value outcomes.

GCCs now serve as integral parts of the global corporate structure, providing specialized capabilities across IT services, R&D, customer support, innovation, finance, marketing, and more. They are pivotal in achieving cost efficiencies, tapping into talent pools, and promoting collaboration between parent companies and offshore affiliates.

2.1.2 Importance of GCCs for India's \$1 trillion digital economy ambition

Global Capability Centres (GCCs) have significantly transformed the country's economic landscape. These centres have been instrumental in job creation, technology advancement, and skill enhancement; positioning India at the forefront of innovation and service delivery. As of March 2024, the GCCs in India generated annual revenues of US\$64.6 billion having grown at nearly double digits (~9.8%) between FY2019 and FY2024.

The role of engineering, research, and development (ER&D) sector has been pivotal in this growth and ER&D GCCs now account for more than half of this revenue (US\$36.4billion).

This has resulted in a cumulative 2,975 GCC units and 1,700 GCCs across the country, generating an employment for over 1.6 million individuals. This accounts for more than half of the global GCC market clearly establishing India as the preferred destination for GCCs.

The growth also underscores this sector's dynamic evolution and its increasingly critical role in the global supply chain. With projections suggesting a headcount surpassing 2.5 million to 2.8 million by 2030, and market size exceeding US\$100 billion, India's GCCs are set to further elevate their contribution to the global economy.

GCCs in India are driving growth across key sectors such as Engineering Research & Development, Information Technology, Retail, Banking, Financial Services & Insurance (BFSI), Travel & Transportation, and Healthcare & Life Sciences.

The key themes which summarize the GCC ecosystem in India in the last five years can be summarized as follows:

Talent-driven growth: India's deep STEM talent pool has driven GCC growth. In FY2024, 32% of global GCC talent was based in India, up from 24% in FY2019. Indian talent in key roles such as Product Management and Architecture has grown even more.

Increased complexity and scope: Leading organizations are centralizing their tech ecosystems in India, with one-third of global engineering activities based here. The average GCC in India has grown by 24% in the last five years in terms of employees, now employing 1,130 people on average.

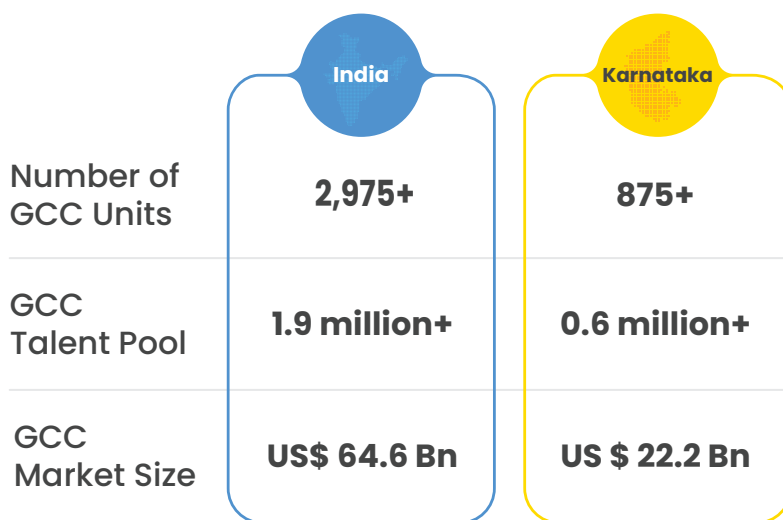
AI-led transformation: India's 120,000 AI/ML professionals and 500+ AI/ML-enabled GCCs are powering innovation. Additionally, 185 GCCs have established dedicated AI/ML Centres of Excellence (CoEs).

Hub expansion: Over 980 new GCC units have been set up in Tier-I cities, with Bengaluru leading, followed by NCR, Hyderabad, Pune, and Mumbai. Tier-II and Tier-III cities are also attracting new setups due to cost advantages and emerging talent pools.

Strategic global importance: India is home to 6,500+ global leadership roles, with each GCC averaging four global roles in India, highlighting the country's growing importance in global operations.

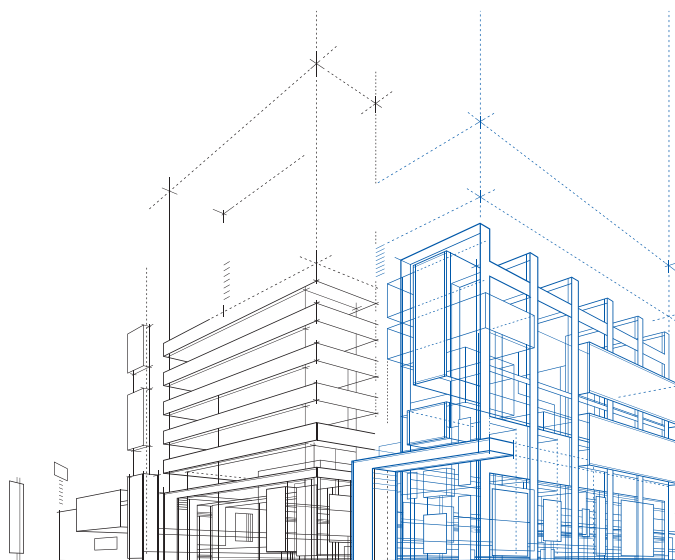
2.2 Karnataka: India's Innovation Capital powering the GCC growth story

As India has become the preferred global destination for GCCs, Karnataka, particularly Bengaluru, has been at the forefront of this growth. Bengaluru's status as a leading GCC hub is reinforced by its robust innovation ecosystem, talent availability, and favourable environment for talent mobility. With over 30% of India's GCCs located in Bengaluru and accounting for 35% of the total GCC workforce, the city dominates the ecosystem.



These outcomes stem from several factors, including progressive government policies, world-class infrastructure, a curated skilled workforce, a strong high-tech industry presence, and a thriving innovation culture driven by startups.

Karnataka is ranked #1 in the India Innovation Index 2021 by NITI Aayog, being the first state to implement sector-specific policies in various sectors including IT, biotechnology, startups, AVGC (Animation, Visual Effects, Gaming, and Comics), Data centre, Cyber security, and Electronics System Design and Manufacturing (ESDM). This strategic approach has solidified Karnataka's position as a driving force of technological advancement and a prime destination for investment.





World-Class Infrastructure: Karnataka's robust infrastructure is crucial for supporting industries and investment

- ▶ Home to 14 National Highways and boasts the 2nd highest road density in India.
- ▶ Significant maritime and air connectivity with Mangalore Port, 9 minor ports, and 6 airports, including Kempegowda International Airport, Bengaluru, the 3rd largest in India.
- ▶ Hosts 6 Inland Container Depots (ICDs), including India's 2nd largest by trade value, and 5 Container Freight Stations (CFSs).
- ▶ Two key industrial corridors: Chennai-Bengaluru Industrial corridors (CBIC) and Bengaluru-Mumbai Economic corridor (BMEC).
- ▶ Furthermore, the State is undertaking massive infrastructure initiatives to drive economic development in Bengaluru city:
 - **Easing traffic congestion:** Bengaluru's expanding metro network (purple, blue, yellow, and pink lines) will target key bottlenecks like Electronic City, Silk Board Junction, and Outer Ring Road (ORR), boosting connectivity and alleviating congestion.
 - **Enhanced airport access:** The upcoming blue line will connect ORR's commercial corridor to the international airport, spurring growth in northern areas.
 - **Improved regional connectivity:** Expressways like the Bengaluru Mysuru highway, BBC (Bangalore Business Corridor) and Satellite Town Ring Road (STRR) will create a seamless loop, diverting traffic from the city core and improving links with surrounding regions.



Top Destination for Investment: Karnataka is a leader in FDI, having attracted \$51.03 billion between 2019 and 2024

Major industries include:

- ▶ **IT/ITeS:** 42% National software (IT) exports contributed by Karnataka.
- ▶ **Electronics:** 4th largest contributor, accounting for 16% of India's electronics exports.
- ▶ **Biotechnology:** Contributing 20% to India's bioeconomy, valued at \$31 billion in 2023 .
- ▶ **Automobiles:** 4th largest manufacturer, contributing 8.5% to national output .
- ▶ **Aerospace:** 25% of India's aircraft/spacecraft production and 65% of aerospace exports.



Unmatched Talent Pool: Karnataka's dynamic workforce makes it a leader in talent

- ▶ **Bengaluru** is home to 37% of India's senior IT talent and 44% of mid-level IT talent.
- ▶ Renowned institutions like Indian Institute of Science (IISc), Indian Institute of Management (IIM), International Institute of Information Technology (IIIT) Bangalore, Indian Institute of Technology (IIT) Dharwad, contribute world leading skilled workforce.

Bengaluru is the world's 2nd largest hub for AI talent and provides 1.2 million direct jobs, and 0.3 million indirect jobs .



India's Largest Startup Hub and Unicorn Capital: Bengaluru's startups provide a fertile ground for experimentation, collaboration and co-innovation for GCCs

- ▶ Karnataka is home to 18,000+ active startups, making it the largest startup hub in India. Bengaluru, known as the Unicorn Capital, houses ~40% of India's unicorns.
- ▶ The state offers a thriving network of incubators, accelerators, and collaborative innovation platforms.
 - 37% of India's open innovation programs are active in Bengaluru .
 - 42% of Bengaluru based GCCs have mature innovation programs ('innovation as a process' or 'Innovation as a culture' stage) and many more are running innovation programs, labs and are supporting startups to solve business problems.





Diversified presence of GCCs across industries: Bengaluru hosts GCCs of the key industries which have built the most innovative, diversified, and cutting-edge hubs in India.

- ▶ **Retail:** Bengaluru hosts over 44% of India's Retail/CPG (Consumer Packaged Good) GCCs (35+), driven by a strong talent pool with deep expertise in digital, data analytics, and AI/ML. These capabilities enable Retail GCCs to achieve operational excellence and drive innovation.
- ▶ **BFSI:** With 33% of BFSI GCCs (90+) in India located here, Bengaluru is a major hub for global financial institutions, specializing in areas like process automation, cybersecurity, and data analytics, while also managing key business functions like regulatory compliance and risk analysis.
- ▶ **Healthcare & Life Sciences:** 31% of Healthcare GCCs (75+) leverage Bengaluru's digital solutions to expedite processes like drug discovery and clinical trials, enhancing global healthcare impact through AI/ML and data analytics.
- ▶ **Manufacturing:** Bengaluru's advanced ecosystem, featuring IoT, AI, and robotics, attracts 27% of India's Manufacturing GCCs (50+). Its R&D centres and innovation hubs drive continuous improvement and cutting-edge solutions integration.



Dynamic and cosmopolitan culture: Bengaluru's culture is truly cosmopolitan, inclusive, and globally connected

- ▶ Bengaluru has been consistently ranked as the Most Dynamic City and is projected to be the fastest growing city in the world for the next 15 years, with its GDP growing at a CAGR of 8.5%.
- ▶ Bengaluru is India's most millennial-friendly city with excellent employability & education prospects. The city also has the highest number of female employable talent.

- ▶ The city is home to a strong diplomatic and international trade community with over 15+ Consulate General offices and trade bodies. This thriving and ever-growing community is instrumental in building people-to-people cross-border connectivity between Bengaluru and innovation hubs across the world.
- ▶ The Government of Karnataka's Global Innovation Alliance (GIA) Program has enabled over 60 joint projects with 30+ countries across the world over the last five years. These projects have enabled greater integration between key source markets for GCCs in Europe and the United States, and Karnataka.



Fastest growing commercial real estate: Over the past decade, Bengaluru has surged to become India's largest and most crucial commercial real estate market, outpacing its regional counterparts.

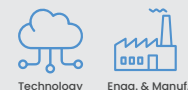
- ▶ Bengaluru boasts more than two-fold increase in office stock, rising from 100 million square feet (sq. ft.) in 2013 to over 223 million sq. ft. in Q2 2024, holding the highest share among the top nine Indian cities .
- ▶ With an average annual absorption of about 15-16 million sq. ft., Bengaluru has also been the front-runner in commercial absorption since the last few years, as compared with the top nine cities of the country.
- ▶ This office stock is further expected to increase by 1.5 times till 2030

Bengaluru at the forefront of GCC Industry

Bengaluru has cemented its status as the undisputed leader for global capability centres (GCCs). In recent years, the city's GCC landscape has diversified beyond its technology and BFSI roots, welcoming niche and specialised firms from retail, aerospace, and life sciences sectors, further solidifying its position as a multifaceted commercial hub.

41% share of Bengaluru in India's GCC leasing

Top sectors leading GCC leasing activity in the city



ORR
(outer ring road)
PBD-W
(Peripheral Business District-West)

Top micromarkets for GCC leasing in the city

2.2.1 Bengaluru and beyond

Bengaluru has the highest concentration of GCCs with over 875 GCC units in the city and is a vital hub for global business operations. While Bengaluru will continue to be the hub for new GCCs, the Government of Karnataka is committed to promoting equitable growth across the State through its 'Beyond Bengaluru' initiative. The goal is to replicate the efficiency and success of Bengaluru in other parts of the state, catalysing the growth of similar ecosystems in cities beyond the capital.

The policy will focus on incentivizing GCCs to set up operations in these cities. It also aims to showcase the offerings and capabilities of these cities, including Mangaluru, Mysuru, and Hubballi-Dharwad-Belagavi, Kalaburagi, Tumakuru and Shivamogga. These cities already have a solid foundation for growth, with a significant presence of startups, academic institutions, and multinational corporations. The State government is committed to developing these clusters and ensuring that every region of Karnataka flourishes.

The Beyond Bengaluru Cluster Seed Fund initiative is aimed at providing funding support for early-stage startups in Mysuru, Mangaluru, and Hubballi-Dharwad-Belagavi clusters. This demonstrates the government's commitment to fostering innovation and entrepreneurship Beyond Bengaluru.

Overall, the Beyond Bengaluru initiative is a strategic move to promote balanced regional development and create a conducive environment for industries to thrive in cities beyond the capital. This policy will be a key driver in attracting investments and generating employment in these clusters, contributing to the state's overall economic growth and development.



2.2.1.1 Mysuru: A Blend of Heritage and Emerging Business Hub

Mysuru, known for its rich cultural heritage and renowned academic institutions, is rapidly emerging as a significant cluster of Cyber security, also witnessing remarkable growth in the Semiconductor and IT/ITeS, sectors. The city's mix of historical significance and modern infrastructure makes it a prime location for businesses across various sectors.

Industry Profile

- Mysuru has a diverse industrial base, including electronics, automobiles, and engineering.
- Leading global and domestic companies in technology, engineering, and consulting operate here, significantly strengthening the city's business ecosystem and driving economic growth. The presence of industry associations strengthens Mysuru's vibrant business landscape.

Infrastructure and Connectivity

- Mysuru offers plug-and-play spaces and several co-working spaces, fostering innovation.
- The upcoming Global Technology Centre will further enhance the city's capabilities.
- Strategically located 143 km from Bengaluru, Mysuru is less than a two-hour drive from the capital city
- The airport is scheduled for upgrades, enabling international connectivity in the near future.
- Mysuru has direct train services to major cities such as Bengaluru, Chennai, Hyderabad, Mumbai, and Kochi, ensuring excellent connectivity.

Social Infrastructure

- Mysuru is home to 18 engineering colleges, producing 40,000 graduates annually.
- A talent pool of 30,000 IT professionals and 25,000 BPM experts is available, providing skilled manpower for businesses.
- The city is home to reputable schools, including Kendriya Vidyalaya and several international schools.
- Excellent healthcare facilities including multiple multi-speciality and super speciality centres.
- The city's diverse residential options cater to a wide range of housing needs and preferences.

2.2.1.2 Mangaluru: Emerging Fintech and Industrial Hub

Mangaluru, known for its maritime history and thriving industrial base, is quickly transforming into a leading fintech cluster. The city's robust infrastructure and focus on digital transformation have made it a key destination for GCCs.

Industry Profile

- Beyond fintech, Mangaluru excels in chemicals, petrochemicals, machinery, and electronics.
- Numerous big and small companies including a home-grown tech giant of India, have a strong presence, contributing to the city's growing reputation as a business hub.

Infrastructure and Connectivity

- Mangaluru is well-connected, with three National Highways passing through the city, ensuring seamless road connectivity.
- Bajpe Airport is just 10 km from the city and is set to expand its international reach.
- Mangaluru's rail connectivity is excellent, with direct services via Southern Railway, Konkan Railway, and Southwest Railway.

Social Infrastructure

- Mangaluru hosts 20 engineering colleges and 15 medical colleges supporting a student population of 60,000.
- A diverse workforce makes it an attractive destination for companies seeking skilled talent.
- The city boasts a diverse selection of shopping malls, each featuring a wide array of retail stores, dining options, and entertainment facilities to cater to different tastes and preferences.
- Healthcare is well-supported with top hospitals offering advanced medical care and world class facilities. and
- Mangaluru offers various housing options with excellent amenities, catering to all needs.

2.2.1.3 Hubballi-Dharwad-Belagavi (HDB) Cluster: A Growing MSME and Startup Hub

The Hubballi-Dharwad-Belagavi (HDB) cluster is a rapidly expanding industrial and economic region in Karnataka, with a diverse range of industries and strong connectivity.

Industry Profile

- The second-largest industrial cluster in Karnataka after Bengaluru, HDB is a centre for industries like automobile, SaaS, AVGC, edtech, agritech, and electric vehicles (EVs).
- 100,000+ SMEs and anchor industries contribute to its growth, with companies from diverse sectors having their presence.

Infrastructure and Connectivity

- HDB boasts robust road connectivity through major highways like NH4, NH4A, and NH63, linking it to key cities such as Mumbai, Chennai, and Bengaluru.
- The cluster is well-served by rail with connections to cities such as Delhi, Chennai, and Mumbai.
- Airports in Hubballi and Belagavi provide access to major cities, including Bengaluru, Mumbai, and Delhi, enhancing the region's accessibility.

Social Infrastructure

- The HDB cluster is home to prestigious institutions like IIT Dharwad, IIIT Dharwad and Visvesvaraya Technological University, fostering talent across various sectors.
- The region hosts 30 engineering colleges and 20 MBA colleges, producing a skilled workforce of 35,000+ students annually.
- The cluster features strong social infrastructure, including educational institutions, shopping malls, healthcare facilities, residential communities, and diverse dining options, ensuring a well-rounded lifestyle for its residents.

2.2.1.4 Tumakuru: Strategic Industrial Gateway for Food Processing and Manufacturing

Tumakuru is a key industrial cluster located just 70 km from Bengaluru, making it a crucial gateway to North Karnataka and an integral part of the Chennai-Mumbai Industrial Corridor. Its strategic location near the state capital allows for seamless access to Bengaluru's resources and business opportunities.

Industry Profile

- Tumakuru is home to seven industrial areas and hosts India's first mega food park, a significant milestone in the country's food processing sector.
- It is designated as a National Investment and Manufacturing Zone (NIMZ), positioning it as a key destination for industrial development and investments.
- The industrial base in Tumakuru includes aerospace, agriculture and food processing, electronics, machine tools, textiles, and energy sectors, fostering a diverse and resilient economy.

Infrastructure and Connectivity

- Tumakuru benefits from excellent connectivity, with NH 48 passing through the city, linking it directly to Bengaluru and Mangaluru.
- Proximity to Kempegowda International Airport (85 km away) ensures access to major domestic and international destinations.
- Rail connections further enhance the region's accessibility, with direct links to major cities like Bengaluru and Hubballi.

Social Infrastructure

- Tumakuru has a strong educational foundation with 19 engineering colleges and 8 MBA colleges, ensuring a steady stream of skilled professionals.
- Tumakuru's educational ecosystem focuses on developing expertise across key industries such as engineering, electronics, machine tools, and energy.
- The cluster also features robust social infrastructure, including multi-specialty hospitals and medical colleges, along with a variety of residential options and excellent lifestyle amenities for shopping and dining.

2.2.1.5 Shivamogga: Potential Spacetech and Industrial Cluster

Shivamogga cluster, including the districts of Shivamogga, Davanagere, Chikkamagaluru, and Hassan, is strategically positioned to foster the growth of diverse industries. It leverages its regional advantages, including connectivity and industrial infrastructure, to support economic development.

Industry Profile

- Davanagere holds significant potential as a global hub for agro-processing, nutraceuticals, textiles, and aerospace industries.
- Hassan is notable for hosting ISRO's master control facilities and is recognized as an industrial growth centre, featuring six developed industrial areas and four SEZs.
- Shivamogga hosts key industry players in different sectors.

Infrastructure and Connectivity

- Shivamogga district is well-connected by 221 km of National Highways and 980 km of State Highways.
- It maintains strong road links to Bengaluru, Udupi, and Mangaluru.
- The newly inaugurated Shivamogga Airport connects the region to Bengaluru and is expected to expand its routes to improve accessibility.

Social Infrastructure

- The educational infrastructure in the cluster is strong, with 12 engineering colleges and 3 MBA colleges, ensuring a skilled workforce for industries such as manufacturing, construction, mining, agriculture, and forestry.
- Shivamogga is a prime tourism attraction known for its breathtaking waterfalls, lush rainforests, adventure activities, and cultural heritage sites that captivate visitors from around the world.
- The cluster is also equipped with multi-specialty and super-specialty hospitals, prestigious international schools, and a range of hotels, including large hotel chains, providing comprehensive services and amenities for residents and visitors alike.

2.2.1.6 Kalaburagi: Cement and Emerging Startup Hub

Kalaburagi, also known as Gulbarga, is a growing industrial cluster that includes the districts of Bidar, Vijayapur, Yadgir, Raichur, Koppal, Vijayanagar, and Ballari. The region benefits from its strategic location and strong industrial foundation.

Industry Profile

- Kalaburagi is known for its strong presence in the cement industry, with major players driving the sector.
- The region also thrives in agro-food processing, textiles, and manufacturing, with a focus on sugar, petrochemicals, thermal power, and steel.
- Kalaburagi is home to 250+ startups, signalling its growing role as a hub for innovation and entrepreneurship

Infrastructure and Connectivity

- Kalaburagi benefits from 1,251 km of State Highways, with key routes such as SH-218 passing through.
- The region has a well-developed railway network connecting it to cities like Bengaluru, Hyderabad, Mumbai, and Ahmedabad.
- The Kalaburagi Greenfield Airport, operational since 2019, has enhanced the region's connectivity for both business and tourism.

Social Infrastructure

- Kalaburagi's educational infrastructure is robust, with institutions like Kalaburagi University and Central University of Karnataka.
- The region supports 19 engineering colleges, contributing to a skilled talent pool that caters to the industrial needs of the region.
- It also offers excellent social and lifestyle amenities with growing infrastructure and other development initiatives.

2.2.2 Key initiatives of Government of Karnataka

2.2.2.1 Futuristic Policies

Karnataka has demonstrated significant proactiveness in bringing forth a range of innovative policies aimed at addressing contemporary challenges and fostering growth across various sectors.

Karnataka IT Policy 2020–2025: This policy aims to reinforce Karnataka's position as a global IT leader by driving innovation, supporting startups, and enhancing digital inclusivity. It includes infrastructure development, skill gap training, and initiatives to integrate technology across sectors like education and healthcare. The policy targets a 30% share of India's US\$1 trillion digital economy and aims to create over 60 lakh jobs while boosting IT penetration and innovation throughout the state.



Karnataka Engineering Research and Development (ER&D) Policy 2021–2026: The ER&D policy is designed to transform Karnataka into a global hub for engineering R&D, aiming for a 45% contribution to India's ER&D sector within five years. It seeks to generate 50,000 additional jobs and foster collaboration between academia and industry through various incentives. Key focus areas include aerospace, defence, software products, automotive, biotechnology, and semiconductors.

Karnataka Startup Policy 2022–2027: This policy positions Karnataka as a leader for startups, targeting the growth of 25,000 startups by 2027. It aims to attract investments, create jobs, and foster a culture of innovation and entrepreneurship across the state, especially in emerging hubs Beyond Bengaluru. A venture capital fund of INR 100 crore (KITVEN Fund 5) is allocated to support deep tech startups in AI, ML, EVs, MedTech, robotics, drones, and other disruptive technologies.



Karnataka Electronic System Design and Manufacturing (ESDM) Policy; and Special Incentives Scheme for ESDM 2020-25: Karnataka's ESDM policy is tailored to support the Electronics System Design and Manufacturing sector, positioning the state as a global hub in the sector. Focused on attracting investment, the policy promotes the development of a robust ecosystem for electronics design and manufacturing through incentives for both domestic and foreign companies.



The Special Incentive scheme for ESDM was announced in 2020, to provide additional fiscal interventions on top of the existing ESDM Policy.



Karnataka Data Centre Policy 2022-2027 : This policy aims to promote the establishment and expansion of data centres to support the growing demand for digital services and cloud computing in the state. This also aims to leverage Bengaluru's position as the top 5 leading destinations for data centres in India. The key features include case to case incentives, capital subsidy and a clear focus on setting up of data centres outside Bengaluru. The state targets attracting INR 10,000 crore in data centre investments by 2025.

Karnataka Cybersecurity Policy 2024-2029: With a budget exceeding INR 100 crore, this policy emphasizes education, skill-building, and industry partnerships to combat online threats. The policy includes R&D grants and an internship program to train students in cybersecurity, with the goal of making Karnataka the country's leading cybersecurity hub and fostering a thriving industry and startup ecosystem.



Karnataka AVGC-XR Policy 2024-2029: The AVGC-XR Policy 3.0 by the Government of Karnataka is a forward-thinking initiative designed to strengthen the state's position in the Animation, Visual Effects, Gaming, Comics, and Extended Reality sectors. This policy focuses on key areas such as skill development, infrastructure, support for startups and MSMEs, global market access, financial support, and the creation of multiplatform AVGC-XR products. By offering strategic incentives, the policy aims to foster innovation, job creation, and sustainable growth, solidifying Karnataka's role in the AVGC-XR industry

Karnataka Biotechnology Policy 2024–2029: The biotechnology policy is designed to position Karnataka as a global leader in biotechnology, targeting a US\$100 billion bioeconomy by 2030. It aims to create 30,000 high-quality jobs and establish 300 biotech companies, including 50 innovative firms. The policy focuses on developing High-Tech Biotech Clusters and a Bio Foundry, emphasizing bio-agriculture, medical devices, and AI applications in biotechnology. It also aims to train 20,000 individuals in specialized biotech skills through partnerships with over 200 institutions..



2.2.2.2 Centres of Excellence (CoE)

The Government of Karnataka has established 19 Centers of Excellence (CoEs) (14 operational and 5 upcoming) that are pivotal in advancing emerging technologies. These CoEs are strategically affiliated with prestigious academic institutions and industry associations, positioning them at the forefront of cutting-edge research and innovation.

They play a crucial role in driving technological advancement and supporting the state's startup ecosystem.

These CoEs are dedicated to incubating and mentoring startups, providing them with essential funding and resources. Beyond their support for startups, these centers engage in deep collaborative research with industry partners, enhancing their ability to deliver innovative solutions.

By fostering a synergy between academia, industry, and startups, the CoEs contribute significantly to Karnataka's growth as a hub for technological excellence and entrepreneurial activity.

Table 1: Centres of Excellence established by Government of Karnataka

#	Name of the CoE	Enabling Partners	Focus areas
1	CySecK	Indian Institute of Science (IISc) Bengaluru	Cybersecurity
2	ARTPARK	Indian Institute of Science (IISc) Bengaluru	Robotics, Autonomous system, Artificial Intelligence

3	Internet of Things (IoT)	nasscom	Health-tech, Industry 4.0, Smart city mobility, Energy and agriculture
4	Centre for Internet of Ethical Things (CIET)	IIIT-Bengaluru	Ethical Policy, Framework for ethical software, Security for ethical IoT, Privacy for ethical IoT Testbeds
5	Machine Intelligence and Robotics (MINRO)	IIIT-Bengaluru	Mentorship for Startups, Research projects, PhD Programs, Skill development
6	Animation, Visual Effects, Gaming and Comics (AVGC)	ABAI	Animations, Visual Effects, Gaming, Comics and extended reality
7	Agri Innovation	Centre for Cellular and Molecular Platforms (C-CAMP)	Develop High-End Technologies, Facilitate Scientific Technologies and Expertise, Provide Education/Training, Promote Entrepreneurship
8	Efficiency Augmentation	Software Technology Parks of India (STPI)	Smart Water, Home and Office Automation, Smart Manufacturing, Smart Energy
9	Semiconductor Fabless Accelerator Lab (SFAL)	Indian Electronics and Semiconductor Association (IESA)	Chip design and Manufacturing, Fabless Startups
10	Quantum Research Park, IISc	Indian Institute of Science (IISc) Bengaluru	Quantum Communication, Quantum Materials, Quantum Imaging, Quantum Computing
11	Wired and Wireless Technology	Indian Institute of Science (IISc) Bengaluru	R&D in 5G and Wired Broadband Technologies, Encourage Standardization, Support Telecom Startups
12	Design	Indian Institute of Science (IISc) Bengaluru	Design Awareness and Capabilities, Training Trainers, Awareness and Training in Design and Prototyping, Industry 4.0 Technologies
13	Marine Tech	Nitte University Centre for Science Education and Research	Advanced Research Labs, Innovation and Startups Hub, Skill Development in Aqua-Marine Biotechnology, Outreach Activities

14	Bangalore Bio-innovation Centre (BBC)	Institute of Bioinformatic and Applied Biotechnology	Research and development in cutting-edge life science innovation, focused on healthcare (Med tech & Pharma), Food & Nutrition, Agriculture Biotechnology, Environmental and Industrial biotechnology.
----	---------------------------------------	--	---

Upcoming CoEs

15	MedTech and Health-Tech	Support Entrepreneurs and Small Manufacturers, Focus on Medical and Industrial Electronics
16	Space Tech	Skilling, Capacity Building, Research, Intellectual Property Creation, Prototyping, Policy Facilitation, Market Access, Mentoring
17	Automotive	Automotive Electronics Hub, Focus on EV and ADAS Solutions, Support for Startups and MSMEs
18	Fintech	Incubating startups in fintech space, operationalising a sand box; high-quality online certification courses.
19	Gaming	Hub for professional and amateur gamers, offering state-of-the-art equipment, training, and resources. The CoE will also have a dedicated space for Global in-house centres lab (GIC Lab) for large gaming companies.
20	Artificial Intelligence	Structured acceleration program for startups, Collection and Curation of Datasets, Responsible AI Development, Annual AI Conference, Skilling and workforce development
21	Deeptech	Drive innovation across Climate Tech, Space Tech, Quantum Computing, and Artificial Intelligence

2.2.2.3 Nipuna Karnataka Initiative

Nipuna Karnataka is a strategic initiative by the Government of Karnataka aimed at enhancing skill development across the state to meet the evolving demands of various industries. This program focuses on equipping the local workforce with advanced skills relevant in emerging technologies like AI, ML, Blockchain etc, ensuring a steady supply of skilled professionals to support GCCs and other key industries. By aligning with industry standards and collaborating with educational institutions, Nipuna Karnataka seeks to foster a highly competent and job-ready workforce, contributing to the overall economic growth and industrial advancement of Karnataka.

The initiative will be financed through a combination of sources to ensure its sustainability and impact. The State Government has allocated INR 100 crore initially to support this initiative which will be scaled up as an annual contribution over subsequent years. Additionally, industry partners will contribute through direct investments, CSR funds, and in-kind support, including training facilities, equipment, and trainers. To further strengthen the program, efforts are being made to secure additional funding from central government skill development schemes. This diversified funding strategy aims to create a robust ecosystem for skill development in Karnataka.

2.2.2.4 Innoverse: A Visionary Innovation Campus

Innoverse is an ambitious initiative aimed at establishing a state-of-the-art innovation campus dedicated to deep tech innovations. Its primary goal is to enhance Karnataka's reputation as a global leader in emerging technologies by fostering a conducive environment for research, development, and commercialization of groundbreaking ideas.

Innoverse will be a catalyst for deep tech innovation, providing a platform for startups, academic institutions, government, corporations, global partners, and research organizations to collaborate and thrive. Startups will gain access to critical resources for testing, commercialization, and market entry, while academic institutions can leverage research, internship, and placement opportunities. The initiative will position Karnataka as a global leader in deep tech, boosting employment, GDP growth, and foreign direct investment. Corporations will find opportunities for innovation space, investment, and collaboration on specialized tech solutions. Global partners and research organizations will benefit from joint research initiatives and a platform for global networking, pushing the boundaries of technology.

Innoverse will be rolled out in phases, focusing initially on Climate Tech, Space Tech, Quantum Computing, and Artificial Intelligence. Subsequent phases will expand into other emerging technologies and establish centres in locations Beyond Bengaluru. Innoverse envisions transforming Karnataka into a leading hub for deep tech innovation, fostering collaboration, nurturing talent, and driving technological advancements across diverse sectors.

2.2.2.5 Karnataka Digital Economy Mission (KDEM)

The Karnataka Digital Economy Mission (KDEM) is a pivotal organization functioning as the knowledge bridge between the Government of Karnataka and the industry ecosystem to accelerate the growth in specific sectors. The focus areas include Beyond Bengaluru, ESDM, Software products and services, innovation & startups, and talent accelerator. Established as a Section 8 organization, KDEM plays a significant role in supporting Karnataka's technological landscape by driving investment, identifying emerging technology opportunities, providing strategic feedback on policy, and crafting roadmaps to position Karnataka as a leader in the digital economy.

2.2.2.6 Global Innovation Alliance (GIA)

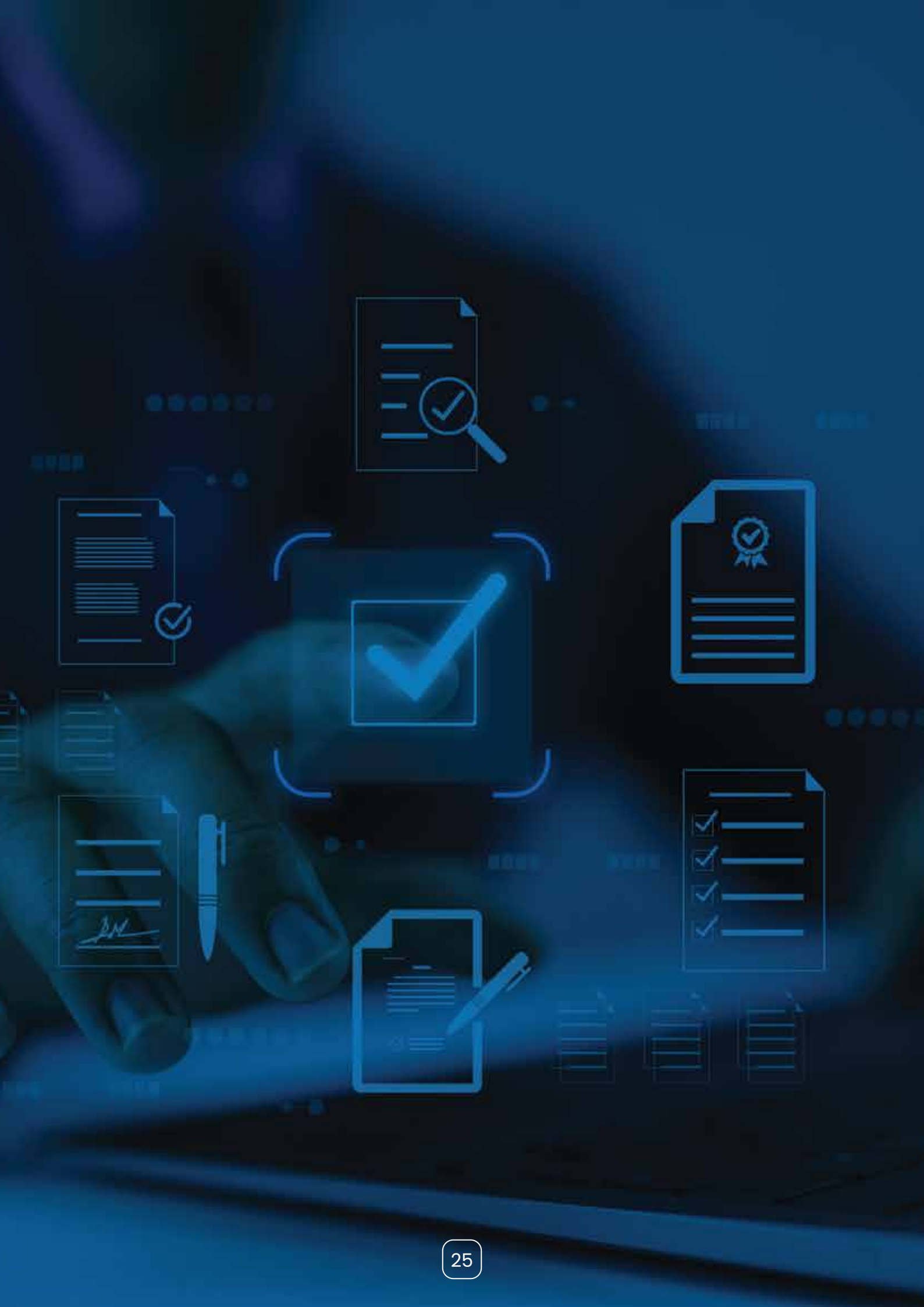
The Global Innovation Alliance (GIA) is an initiative of the Department started in 2017. The platform builds technology engagements and collaborative partnerships with leading countries in the field of innovation. The platform has three types of projects:

- Government to Government (G2G) Engagement: Facilitates high-level engagement with foreign diplomats, leading to the identification of mutual collaboration areas between Karnataka and GIA partner countries, formalized through Joint Declarations of Intent (JDI) or Memoranda of Understanding (MoUs).
- Institution to Institution (I2I) Engagement: Supports institution to institution level partnerships between stakeholders in Karnataka's innovation ecosystem and counterparts in GIA country.
- Market Access for Startups: Executes reciprocal soft-landing programs between startups in Karnataka and GIA Partner countries



2.3 Future of GCCs in Karnataka

Industry estimates indicate that Karnataka has the potential to expand its position as a premier GCC hub, potentially accommodating over 15% of Forbes 2000 enterprises. By the year 2030, Karnataka could be home to around 330 of the Forbes 2000 enterprises. This trend is driven by India's increasing prominence as the global GCC hub. Furthermore, as the competition for talent remains intense, GCCs must invest in cultivating a positive work culture and enhancing the overall value proposition for their employees. With a potential CAGR of 10%, estimates suggest that the employment generation capacity of GCCs from Forbes 2000 enterprises could nearly double by 2030.



3

KARNATAKA GCC POLICY OVERVIEW

3.1 Karnataka's Goal 2030 for the GCC Ecosystem

By 2030, Karnataka's goal for its Global Capability Centre (GCC) ecosystem is to be a leader in inclusivity, diversity, and sustainability, reflecting the most dynamic global trends. The state will champion:



Workforce Empowerment and Equity:

Fostering a culture that supports lifelong learning, upskilling, and reskilling to maintain a competitive edge in innovation, while providing targeted mentorship programs to enhance women's roles in the workforce and offering robust support for specially abled employees.



Flexible and Adaptive Work Models:

Embracing remote and hybrid work arrangements to ensure a resilient and adaptable business environment that prioritizes employee well-being and work-life balance.



Sustainable and Ethical Business Practices:

Leading by example in green initiatives, adherence to ESG norms, and digital transformation, to promote ethical governance and environmental stewardship.

This comprehensive approach aims to create a GCC ecosystem that is not only market-leading but also a nurturing ground for a diverse and future-ready workforce, positioning Karnataka as a pioneering and responsible hub in the global business community.

The Karnataka GCC Policy has been developed using a combination of deep industry research and expansive stakeholder discussions. During these discussions and research, the future of GCCs were understood and the objectives, incentives and action plan for the Policy is structured using those inputs.

3.2 Objectives of the Policy

Provide platforms that enable GCCs to collaborate seamlessly with Karnataka's vibrant local innovation ecosystem.

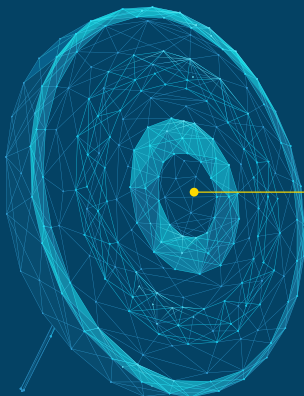
Foster a research and development driven environment focused on emerging technologies and deep-tech, making Karnataka a hub for cutting-edge innovation.



Create an investor-friendly business environment for GCCs to establish and expand their operations in Karnataka.

Position Karnataka as a global leader in Artificial Intelligence (AI) with the most comprehensive AI R&D ecosystem tailored for GCCs.

3.3 Targets



To attract establishment of 500 new GCCs in Karnataka achieving a total number of 1,000 GCCs in Karnataka by 2029

To support creation of 3.5 lakh new jobs in Karnataka by 2029

To generate economic output of US\$50 billion in Karnataka through the GCCs being established by 2029



3.4 Marquee announcements

1. Global Innovation Districts

- ▶ Government will establish three new technology parks (Global Innovation Districts) – including one park in Bengaluru and two in Beyond Bengaluru clusters.
- ▶ These Global Innovation Districts will be strategically located to enhance connectivity and offer state-of-the-art infrastructure, including high-speed internet reliable power supply and aim to adhere to global sustainability norms.
- ▶ They will foster a collaborative business ecosystem, uniting startups, tech leaders, and academic institutions, and will be supported by a skilled talent pool from nearby universities.
- ▶ Investors will benefit from streamlined regulatory support, and a focus on research and development.
- ▶ Each Global Innovation District will have a coordination office to support GCCs and other companies to engage with the Government on all issues.
- ▶ Companies establishing their GCCs as Anchor Investors in the Global Innovation Districts in Beyond Bengaluru areas would be given a special package of incentives.
- ▶ Mega Projects: Government will consider a customized package of incentives for Mega projects. This will be a tailor-made package of incentives on a case-to-case basis as considered by the Government:
 - New GCCs being established which will lead to creation of more than 5,000 new jobs in Bengaluru.
 - New GCCs being established which will lead to creation of more than 1,000 new jobs Beyond Bengaluru
 - GCCs establishing dedicated campuses in Beyond Bengaluru areas will also be considered for customized package on case-to-case basis.

2. Supporting the AI ecosystem in Karnataka

- ▶ Government will provide dedicated support to encourage research and development of artificial intelligence and its applications through GCCs in Karnataka
- ▶ Government will establish a new Centre of Excellence (CoE) for Artificial Intelligence (AI) in Bengaluru on the triple helix model. This CoE will work on a hub and spoke model with multiple academic institutions of excellence across the State (especially Beyond Bengaluru) to create compute capacity, curated datasets, responsible/ethical AI principles, startup acceleration facilities and other support needed to build the AI ecosystem.
- ▶ Government will establish an AI Skilling Council with industry participation with a focus to drive curriculum development and delivery focused on AI. The cost of creation of the curriculum will be borne by the Government and delivered through institutions of higher education across the State.
- ▶ The Government already has a working group on AI under the Karnataka Skill Advisory Council, whose recommendations have been incorporated into the Nipuna Karnataka Initiative.
- ▶ The Government is also announcing an Innovation Fund with an allocation of INR 100 crore – to support joint research between GCCs and academia, and innovation challenges.

3. Expanding the GCC ecosystem to Bengaluru and Beyond

- ▶ Each of the Policy Pillars of the Karnataka GCC Policy has a dedicated Beyond Bengaluru Package
- ▶ All incentives in Pillar 3: Infrastructure and Incentives are applicable only in Beyond Bengaluru areas
- ▶ Government is also going to support creation of world class infrastructure including airports, road connectivity and telecom in the Beyond Bengaluru clusters namely:
 - Hubballi-Dharwad-Belagavi
 - Mysuru
 - Mangaluru
 - Kalaburagi
 - Tumakuru
 - Shivamogga
- ▶ The Government will actively support the establishment of Nano GCCs in the Beyond Bengaluru areas, positioning them as strategic centres with flexible operations and staffing ranging from 5 to 50 employees. These Nano GCCs will benefit from a range of incentives without being subject to minimum employment or investment thresholds, making it easier for companies to set up and scale operations with agility and minimal risk. This initiative aims to unlock new growth opportunities and drive regional development, offering a business-friendly environment tailored to the needs of emerging and niche players.
- ▶ Karnataka Digital Economy Mission (KDEM) will provide dedicated support to GCCs for expansion and new establishment in Beyond Bengaluru areas.

4. Establishment of a dedicated unit for supporting GCCs

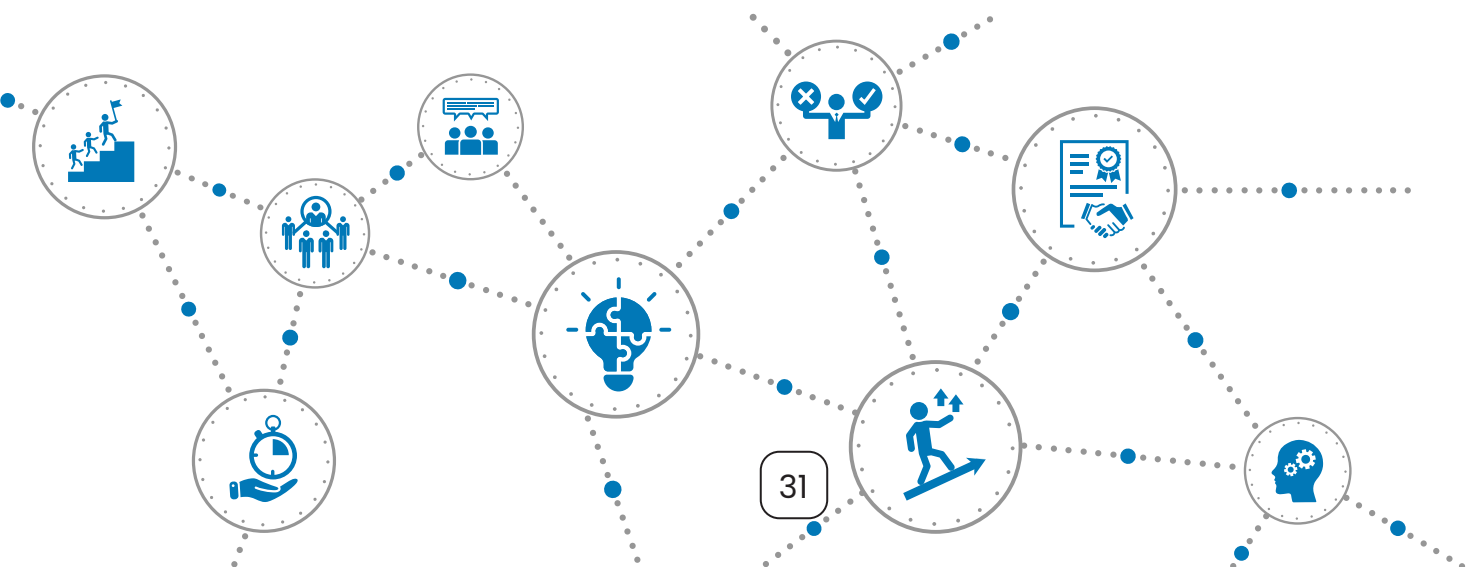
- ▶ **Establishment of the unit:** The Government will set up a dedicated unit within the Department of Electronics, IT, Bt, and S&T to offer dedicated support for GCCs establishing operations in Karnataka. Managed by professionals with extensive experience in industry engagement, corporate affairs, partnership building, and alliance management, the unit will act as a key facilitator for GCCs.
- ▶ **Dedicated Single Point of Contact (SPOC):** Each GCC will be assigned a SPOC from this unit who will manage all interactions from initiation to resolution. These SPOCs will bring specialized expertise tailored to the specific needs of companies, considering their country of origin and industry sector, providing customized and knowledgeable support.
- ▶ **Coordination Hub:** The unit will serve as the primary coordination hub between GCCs and various State government departments, ensuring smooth operations for both new and existing GCCs in Karnataka.
- ▶ **Commercial Real Estate Portal:** The unit will develop and manage a live digital portal in collaboration with real estate partners, offering GCCs a one-stop platform to explore listings of available commercial spaces across Karnataka, simplifying the search for ideal locations.
- ▶ **Policy and Regulatory Guidance:** The unit will provide GCCs with comprehensive guidance on policies, regulations, and compliance, keeping companies well-informed about all legal and administrative requirements. This will also facilitate discussions with CXOs and industry leaders, making policy recommendations to the Government of India on matters such as transfer pricing, import/export regulations, and taxation.
- ▶ **Local Ecosystem Collaboration:** The unit will connect GCCs with local educational institutions, Centres of Excellence, startups, and incubators, fostering talent recruitment, developing industry-specific skilling programs, promoting collaborative research, and driving open innovation.
- ▶ **Fast-Track Approvals:** All necessary operational approvals for setting up GCCs will be processed within 45 days, ensuring a streamlined setup process that minimizes delays and enhances investor confidence in Karnataka's business-friendly environment. The Government of Karnataka through the Commerce & Industries Department has also established a state-of-the-art single window system for investments in collaboration with Microsoft, which will aim to have the entire approval process online.
- ▶ **Support for GCC Employees:** The unit will also assist GCC employees by providing information on local social infrastructure, including schools, clubs, and expat communities, enhancing the overall living experience for talent relocating to Karnataka.

- ▶ **Global Outreach Initiative:** The Government of Karnataka is committed to elevating the State's position as a premier global business hub by earmarking a substantial marketing budget for a robust Global Outreach Initiative.
 - This initiative will encompass strategic participation in high-profile international roadshows, trade delegations, and leading technology and trade conferences. The objective is to proactively showcase Karnataka's burgeoning GCC ecosystem, highlighting its competitive advantages such as a skilled talent pool, cutting-edge infrastructure, and a supportive regulatory environment.
 - This concerted effort aims to attract top-tier global businesses and foster international collaborations, thereby reinforcing Karnataka's status as a dynamic and attractive destination for GCCs.
 - The government will further come up with a comprehensive strategy to effectively implement this outreach, ensuring targeted engagement with key global markets and industries
 - Additionally, the government will establish robust marketing and distribution channels, leveraging digital media, social media platforms, and podcasts to effectively communicate Karnataka's strengths and opportunities to a global audience.

5.Engineering Research and Development as a focus sub-sector

ER&D is a crucial sub-sector for GCCs in India, contributing more than US\$34 billion to the market size of GCCs in the country. The Policy will focus on this segment since Karnataka is already the leader in ER&D.

- Policy will facilitate Engineering R&D entities to adopt leading practices and gain marketing opportunities.
- Foster new innovative Engineering R&D ecosystems and infuse capital via Industry-Government collaborative channels.
- Promote IP Creation, Registration and Retention in Karnataka
- Create strong linkages between Industry and Academia to accelerate development of innovative Engineering R&D products, solutions, and services.



6. GCC Acceleration and Investment Council

The Government of Karnataka will establish a dedicated group comprising of influential leaders from various GCCs. This will play a pivotal role in steering the state's GCC initiatives, providing strategic guidance and insights that align with global business trends and regional growth objectives.

- **Diverse Leadership Composition:** This Council will be composed of global leaders, including CXOs from top-performing GCCs, international trade experts, and thought leaders in business strategy and innovation. This will ensure a rich diversity of perspectives and experiences to guide the state's GCC initiatives.
- **Inclusion of International Expertise:** This Council will also include members with a strong background in global markets and international business relations, such as former diplomats, trade commissioners, and experts from international economic organizations, to provide insights on global trade dynamics and investment trends.
- **Cross-Industry Representation:** To capture the full spectrum of the GCC landscape, the Council will have representatives from various industries such as IT, finance, biotech, and manufacturing, ensuring that policies and strategies are comprehensive and industry-specific.

The role of This group will include supporting the Government in areas such as:



Strategic Policy Guidance: The Council will provide expert advice on policy formulation and revisions, ensuring that Karnataka's regulatory environment is conducive to GCC growth and aligned with international best practices.



Investment Attraction and Global Networking: Leveraging the extensive networks of its members, Council will work on attracting foreign investment and fostering global partnerships, positioning Karnataka as a top destination for GCCs.



Innovation and Digital Transformation: The Council will focus on promoting the adoption of cutting-edge technologies and innovative business models, driving digital transformation across the GCC sector.



Talent Development and Industry-Academia Collaboration: The Council will advise on initiatives to bridge skill gaps, including the development of specialized training programs in collaboration with educational institutions, to ensure a steady pipeline of qualified professionals for the GCCs.

3.5 Key Pillars of the Policy

3.5.1 Talent

Talent is a key determinant for Global Capability Centres (GCCs) when selecting a location, and Karnataka's talent ecosystem is a prime example of its importance. The state boasts a rich and varied workforce, bolstered by a strong social infrastructure that cultivates and maintains this talent. Karnataka's strategic emphasis on tapping into India's vast talent pool is clear, attracting global firms that leverage the local talent for its affordability and wide-ranging skills. The policy's focus on talent reflects Karnataka's advantage in this domain, making it a top destination for GCCs in India. With a dynamic blend of technical and non-technical expertise, the state's workforce is adept at fulfilling the diverse needs of multiple industries. This synergy of skilled labour and a nurturing ecosystem cements Karnataka's position as a premier hub for GCCs, driving sustained growth and innovation.

To further strengthen the talent ecosystem the policy will offer the following:

- The Policy will incentivize GCCs for skilling local talent, including technical and soft skill enhancement for graduates and diploma holders. The development of future-oriented curricula will be supported, with funding for training students and master faculties.
- Reimbursement will be provided to GCCs for internship stipends, with an aim to provide internships to overall 1 lakh students during the policy period.
- The policy will support joint research projects between academic institutions and GCCs, funding project costs to encourage industrial applications of academic research.
- Government will support GCCs by fostering partnerships with prestigious educational institutions for leadership skill development and providing financial incentives for creating global leadership development programs.
- A matchmaking platform will be established to facilitate ongoing interaction between academia and GCCs, fostering collaboration, sharing opportunities, and addressing challenges.
- Recruitment assistance will be provided to GCCs setting up or expanding operations in areas Beyond Bengaluru.

3.5.2 Local Ecosystem

Karnataka's ecosystem, cultivated over the past two decades, is its greatest asset. It encompasses startups, incubators, accelerators, multinational corporations, Global Capability Centres (GCCs), Centres of Excellence (COEs), academic and research institutions. GCCs indicate that 47% of them would like to engage with startups for process improvement and expedited market entry, highlighting Karnataka's appeal as an innovation hub .

The State Government has established 18 COEs dedicated to emerging technologies, aiming to bolster the technology ecosystem through initiatives across industry, R&D/academia, government, and startup ecosystem building. The Policy will enhance collaborations and partnerships among these entities, enabling GCCs to drive and define Karnataka's innovation trajectory with initiatives that foster synergy and growth.

The policy will further promote collaborations and partnerships among stakeholders, empowering GCCs to lead and shape the state's innovation landscape, through the following initiatives:

- Government will fund capital expenditure for setting up new Innovation labs and Centres of Excellence (CoEs), with higher contribution for projects in Beyond Bengaluru area.
- Startups will be supported to use existing GCC labs and technology spaces, with the government covering the costs incurred by startups for using these facilities.
- Policy will support innovation challenges to promote solutions for business and social issues.
- Policy will support establishment of 'GCC Immersive Hubs' as a public-private-partnership (PPP) model to showcase Karnataka's R&D capabilities.
- Government will provide funding for hosting R&D events and conferences in Karnataka to foster knowledge exchange and collaboration.
- Cluster Anchor Groups will be formed to assist GCCs in setting up operations in each of the six Beyond Bengaluru clusters, offering local connections and facilitating matchmaking with academia and industry players.

3.5.3 Incentives and infrastructure

The "Beyond Bengaluru" initiative is a strategic emphasis of the Government of Karnataka's policy, aimed at replicating Bengaluru's success as a global technology and innovation hub across the state's other regions. This initiative seeks to promote equitable regional development and catalyse economic growth throughout Karnataka. By extending the digital economy beyond the state capital, the government is committed to fostering a diverse and vibrant statewide tech ecosystem.

The strategy is designed to leverage the unique strengths of cities like Mysuru, Mangaluru, Hubballi-Dharwad- Belagavi, Tumakuru, Kalaburagi and Shivamogga, which already have a solid foundation for growth with their mix of startups, academic institutions, and multinational corporations. Through targeted incentives and support, the policy aims to attract Global Capability Centres and other industries to these emerging cities, ensuring a prosperous and balanced development across Karnataka. Under this Pillar, the Policy includes the following incentives:

- The Government will provide rental reimbursement for GCCs setting up in Beyond Bengaluru area.
- Setting up co-working spaces in Beyond Bengaluru area will be promoted by reimbursing operational expenses.
- The Government will reimburse EPF contributions for new employees in GCCs located in Beyond Bengaluru area for the first two years of operation.
- The Policy will provide grants for strengthening R&D infrastructure in Beyond Bengaluru area, focusing on especially AI.
- Reimbursement will be provided for internet expenses of GCCs operating in Beyond Bengaluru area for the first three years.
- Government will provide support for Nano GCCs (with employees between 5 and 50) in Beyond Bengaluru areas
- The Government will offer exemption from Electricity Duty for five years and allow GCCs in Beyond Bengaluru areas to switch from commercial to industrial power tariffs.
- The government will provide reimbursement on property tax for GCCs operating in Beyond Bengaluru area.

3.5.4 Regulatory easing

This pillar is focused on easing and streamlining administrative processes to create a conducive environment for the establishment and operation of Global Capability Centres (GCCs) in the state. The Government of Karnataka recognizes that existing approval processes and regulations present significant challenges for companies. Therefore, the government will implement the following measures:

- Establish a dedicated helpdesk to address the needs of GCCs, provide expert guidance, and expedite processes.
- Reimburse quality certification fees for GCCs setting up operations in Karnataka.
- Promote intellectual property creation by reimbursing statutory fees for filing domestic patents.
- Ensure that applications for Right of Way permissions for cable laying and tower erection are processed within 30 working days.

Through these initiatives, the Government of Karnataka aims to facilitate a fast and efficient approval process for GCCs.



4

POLICY INCENTIVES

4.1 Pillar 1: Talent

4.1.1 Skilling initiatives

Incentive	Eligibility Criteria
<p>A. Skilling of local talent</p> <ul style="list-style-type: none">Government of Karnataka (GoK) will support and promote various skilling initiatives for new recruits within a year of their hiring.Government will reimburse 20% of the total expense spend on the skilling initiative up to INR 36,000 per graduate and INR 18,000 per diploma holder for up to 100 employees or 15% of their total workforce- whichever is less.A GCC can avail this incentive once annually.The skilling initiative can be on the following categories:<ol style="list-style-type: none">Technical skilling initiatives for employees in non-technical roles.Soft skill enhancement initiatives for the employees in tech and non-tech roles	<ul style="list-style-type: none">Any new or existing GCC in the State
<p>B. Skilling Curriculum</p> <ul style="list-style-type: none">Government will fund the cost of developing industry oriented future skills courses, master faculty training and promote adoption of these courses in State Government universities / affiliated colleges in the State.Each institution will receive a maximum of INR 10,000 per student for training/certification and INR 20,000 for each master faculty trained with a maximum limit of INR 1 crore per institution.The academic institution should train a minimum of 100 students and 10 master faculty to be eligible. The course thus developed should be industry approved and the institutions can collaborate with GCCs for the course development and approval.Karnataka Skill Advisory Committee will support academia to choose the courses in consultation with the industry.One academic institution can avail this once in the policy period.	<ul style="list-style-type: none">Any state government universities / affiliated/ autonomous colleges in the State.

Incentive

C. Global Leadership development

- The Karnataka government will support GCCs by fostering partnerships with prestigious educational institutions for leadership skill development and providing financial incentives, such as partial funding or matching grants, to encourage investment in the growth of high-potential employees.
- Additionally, the GoK will partner with educational institutions to support advanced Master's and certification programs in cross-cutting and interdisciplinary areas, including sustainability, organizational behavior, global business strategy, and ethical leadership, to ensure that leaders are well-versed in the diverse competencies required for future business success.
- Initiatives like international exchange programs, mentorship from industry experts, leadership recognition awards, and access to continuous learning platforms will be promoted to cultivate a global mindset among leaders, enhance cross-cultural management skills, and establish Karnataka as a hub for global leadership excellence in GCCs.

Eligibility Criteria

- Any new or existing GCC in the State

4.1.2 Internship

Incentive

- GoK will reimburse 50% of the internship stipend for interns, for a period of maximum 3 months, up to INR 5,000 per month per intern, for maximum of 20,000 interns per year and 1,00,000 interns over policy period.
- Government will collaborate with industry associations to facilitate these internships between academia and industry.
- Maximum number of interns a GCC can avail this incentive for per year is up to 15% of their total workforce, with a maximum limit of 100 interns.
- The entities should aim to offer equitable opportunities to women candidates and consider providing maximum number of interns a full-time employment.

Eligibility Criteria

- Any new or existing GCC in the State, hiring interns from State Government universities / affiliated colleges (students should be enrolled in these institutions)

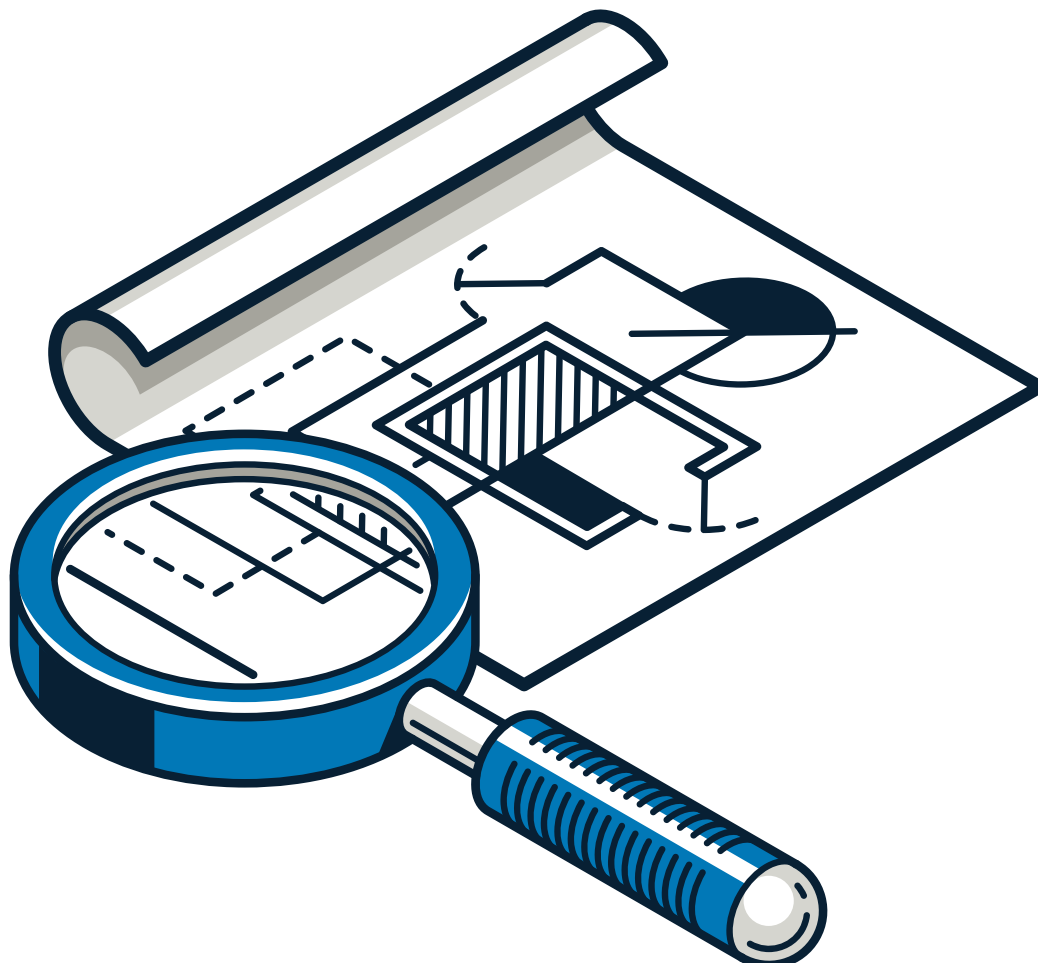
4.1.3 Joint Research

Incentive	Eligibility Criteria
<ul style="list-style-type: none">• Government will fund Applied Research in Academic Program to support industrial application of Academic Research.• GoK will fund 50% of the approved budget, up to INR 1 Crore.• The participating GCC should fund a minimum of 25% of the approved project cost, with the remainder being funded by the academic institution.• One entity can avail this once in the policy period.• Government will fund up to five (5) such projects annually	<ul style="list-style-type: none">• State Government universities / affiliated colleges in the State• Participating GCC: Any new or existing GCC in the State.

4.1.4 Common platform for collaboration

Government will support the setting up of a matchmaking platform for GCCs and academia in collaboration with industry associations:

1. This platform will ensure the constant interaction between the industry and academia
2. Brainstorm collaborative activities and initiatives
3. Share challenges and opportunities



Beyond Bengaluru – Special Package

Following incentives are special package for Beyond Bengaluru.

4.1.5 Recruitment Assistance

Incentive	Eligibility Criteria
<ul style="list-style-type: none"> GoK will provide recruitment assistance to GCCs setting up or expanding operations in Beyond Bengaluru area. Only one application per entity will be allowed during the policy period. The entity should submit their application within a year of the date of commencement of business. Only the recruitment done during this period will be eligible for this incentive. 	<ul style="list-style-type: none"> Any new GCCs establishing presence and existing GCCs expanding to Beyond Bengaluru area with minimum of 100 employees

Incentive slabs as per employment generated		
No. of employees newly recruited	Percentage of assistance	Capping (INR)
100-250	10%	INR 35 lakh
>250-400	20%	INR 1.2 crore
>500-700	30%	INR 3 crore
>700-1000	50%	INR 7 crore
=>1000	Customized package on a case-to-case basis	

Incentives are as per table above where:

- No. of employees recruited: new unique employment created by the GCC
- Percentage of assistance: Maximum percentage of the recruitment cost as a portion of total recruitment cost of the GCC
- Capping: Maximum amount of incentive available.

4.2 Pillar 2: Local Ecosystem

Karnataka's multi-faceted and mature ecosystem is one of its greatest strengths. The Policy aims to create a dynamic environment for the establishment and growth of Global Capability Centres (GCCs), leveraging the state's existing capabilities in innovation, research, and technology to build a synergistic ecosystem for all stakeholders.

This pillar emphasizes fostering collaboration and development among stakeholders, including Centres of Excellence, Technology Business Incubators, startups, and accelerators. By offering diverse opportunities and promoting joint initiatives, the government seeks to create mutually beneficial outcomes. This collaborative approach aims to address both local and global challenges effectively. By leveraging Karnataka's strong foundation in technology and innovation, the government provides targeted support to enhance research and development, driving sustainable growth and innovation.

4.2.1 Establishing Innovation Labs / CoEs

The Government will support and facilitate collaborations between Centres of Excellence (CoEs), startups, startup incubators and accelerators; and GCCs in various capacities.

Incentive	Eligibility Criteria
<ul style="list-style-type: none">Government will fund up to 40% of the total capital expenditure with a maximum limit of INR 5 crore for Bengaluru Urban area.GCCs will contribute the remaining capital expenditure. This will include expenses related to specialized equipment, proprietary technology, and any additional customization required for their specific needs.Government will support maximum two such projects each year in Bengaluru Urban District during the policy period.An entity can avail this once during the policy period.	<ul style="list-style-type: none">Any new or existing GCCs in the State (other than in Beyond Bengaluru area)

4.2.2 Utilization of GCC labs and technology

Incentive	Eligibility Criteria
<ul style="list-style-type: none"> To encourage utilization of existing facilities, the Government shall reimburse the costs incurred by startups for using the lab or space of the GCCs. 100% reimbursement of the costs incurred for using the facilities for any utilization period exceeding 6 months. Government will support maximum of 5 GCCs per year for providing the facilities to minimum 4 Startup each, with a maximum limit of INR 40 lakh per GCC. This will not be applicable for the innovation labs mentioned in 4.2.1 above. 	<ul style="list-style-type: none"> Labs and innovation spaces owned or operated by any GCC Startup: Any startup registered in Karnataka

4.2.3 Innovation challenges

Incentive	Eligibility Criteria
<ul style="list-style-type: none"> Government will promote and support innovation challenges in the State. This program enables GCCs the access to government departments to implement innovative solutions to public service challenge / societal problems. This can be run in collaboration with Government through the Karnataka Grand Challenges initiatives or in collaboration with other ecosystem stakeholders or independently by the GCC. Government will fund five challenges every year with a maximum limit of INR 1.5 crore for the deployment of a solution. 	<ul style="list-style-type: none"> Any new or existing GCC in the State.

4.2.4 Establish 'GCC Immersive Hubs' in Karnataka

Incentive	Eligibility Criteria
<ul style="list-style-type: none"> GoK will support setting up of 'GCC Immersive Hubs' to demonstrate innovation and R&D being undertaken in the State, on Public-Private Partnership (PPP) mode. GoK will fund 50% of the total cost upto 1 Crore for setting up of these hubs. An entity can either utilize their existing space or establish a new space for the Immersive Hub. 	<ul style="list-style-type: none"> Any registered entity in the state/ industry associations

4.2.5 Host Events and conferences

Incentive	Eligibility Criteria
<ul style="list-style-type: none">GoK will provide funding equivalent to one-third of the cost up to INR 25 lakh for hosting events/conferences (up to 2 per year) in Karnataka.	<ul style="list-style-type: none">Any new or existing GCC or industry associations in the State

Beyond Bengaluru – Special Package

Following incentives are a special package for Beyond Bengaluru area.

4.2.6 Establishing Innovation Labs / CoEs – Beyond Bengaluru

Incentive	Eligibility Criteria
<ul style="list-style-type: none">Government will fund upto 75% of the total Capital expenditure up to INR Three crore for Beyond Bengaluru Urban District area.GCCs/CoE will contribute the remaining capital expenditure. This will include expenses related to specialized equipment, proprietary technology, and any additional customization required for their specific needs.Government will support two such projects in the Beyond Bengaluru area every year during the policy period. An entity can avail this once during the policy period.	<ul style="list-style-type: none">Any new/ existing GCCs in the stateAny GoK funded CoEsThe setup should be in the Beyond Bengaluru areas.

4.2.7 Beyond Bengaluru Cluster Anchor Groups

Government will form Cluster Anchor Groups and support the matchmaking for GCCs planning to setup each of the six Beyond Bengaluru clusters. The Cluster Anchor Groups will have representatives of different stakeholder groups and Government. The role of these Groups will be:

- To provide GCCs with essential local connections and support within the specific region.
- To aid GCCs in understanding the offerings, opportunities, and challenges of the region more effectively.
- To facilitate connections with academia and other key players in the local ecosystem.

4.3 Pillar 3: Infrastructure and Incentives

The Infrastructure and Incentives pillar focuses on driving balanced economic development across Karnataka, particularly in Beyond Bengaluru areas. Through strategic interventions, the Government aims to attract significant investments to these regions, fostering equitable growth throughout the State. This pillar will facilitate the holistic development of Karnataka, ensuring that emerging areas benefit from the state's robust technological and infrastructural advancements. Through these efforts, the government aims to create a conducive environment for businesses and innovation hubs.

All the incentives under this pillar, excluding 4.3.4 and 4.3.6 A, are only applicable to the GCCs setting up their centres in the Beyond Bengaluru areas.

4.3.1 Rental Assistance

Incentive	Eligibility Criteria
<ul style="list-style-type: none">To facilitate affordable office spaces, GCCs establishing or expanding operations to Beyond Bengaluru area will receive government reimbursement on their rent expenses.This reimbursement covers rent during the first year of operations.Category 1: GCCs setting up with 100+ employees<ol style="list-style-type: none">Reimbursement of up to 50% of their rent expenses up to INR 50 lakh.Government will provide this incentive to a maximum of 10 GCCs annually.Category 2: GCCs setting up with 500+ employees<ol style="list-style-type: none">Reimbursement of up to 50% of their rent expenses up to INR 2 crore.Government will provide this incentive to a maximum of 6 GCCs annually.	<ul style="list-style-type: none">All new GCCs being setup with 100+ employees in Beyond Bengaluru area

4.3.2 Co-working Spaces

Incentive	Eligibility Criteria
<ul style="list-style-type: none"> • Government will support co-working spaces being established in the Beyond Bengaluru area. • Government will reimburse the operating entity for three years from the date of operations. <ul style="list-style-type: none"> a. Year 1: up to a maximum of 75% of vacant seat costs b. Year 2: up to a maximum of 50% of vacant seat costs c. Year 3: up to a maximum of 25% of vacant seat costs • Government will support up to 30 new co-working spaces across the 6 Beyond Bengaluru Clusters, with priority for Mysuru, Mangaluru and HBD Cluster. • Reimbursement will be for a maximum of INR6,000 per seat up to a maximum limit of INR 2.16 crore per applicant (across the three years) • For large co-working spaces with more than 200 seats, additional incentives will be provided on case-to-case basis. 	<ul style="list-style-type: none"> • Co-working spaces being setup in Beyond Bengaluru area.

4.3.3 EPF Contribution Reimbursement

Incentive	Eligibility Criteria
<ul style="list-style-type: none"> • The government will reimburse the GCCs' contribution to the EPF for new employments for the first two years from the date of commencement • This will be up to a maximum of INR 3,000 per month per employee, subject to the condition that the employment is for a continuous period of two (2) years. • Each GCC will be able to avail this incentive for up to 30% of their workforce with a maximum limit of 250 employees. • The Government will support up to 25 GCCs for this incentive annually. 	<ul style="list-style-type: none"> • Any new GCC being setup with 100+ employees in Beyond Bengaluru area

4.3.4 Strengthening R&D Infrastructure

Incentive	Eligibility Criteria
<ul style="list-style-type: none"> GoK will support the development and strengthening of R&D infrastructure in the Beyond Bengaluru areas. To facilitate this, GoK will provide grants of up to 40% of the approved budget or INR 50 crore, whichever is lower These grants will be focused on setting up testing and prototyping facilities for emerging technologies, with 30% of the total allocation dedicated to AI and related facilities. The grant may be provided in the form of land, building, or financial assistance. The grant will be provided to a maximum of three GCCs in the policy period located in different regions Beyond Bengaluru. 	<ul style="list-style-type: none"> Any new or existing GCCs in the state with 100+ employees

4.3.5 Supporting Telecom Infrastructure development

Incentive	Eligibility Criteria
<p>Government will reimburse up to 25% of the internet expenses upto 12 lakh per year for the first three years of GCC operations.</p>	<p>New GCCs being setup with 100+ employees in Beyond Bengaluru area.</p>

4.3.6 Other Incentives

Incentive	Eligibility Criteria
<p>A. Power related incentives</p>	
<ul style="list-style-type: none"> GoK will offer a 100% reimbursement of Electricity Duty for 5 years to GCCs establishing or expanding operations in Beyond Bengaluru areas. Additionally, GCCs will have the option to switch from Commercial to Industrial power tariffs, which may provide further cost savings. This is applicable to all GCCs Setting up or expanding to Beyond Bengaluru area. 	<ul style="list-style-type: none"> Any new GCC setting up in the State (this incentive is applicable for GCCs setting up in Bengaluru Urban District also)
<p>B. Property Tax</p>	
<ul style="list-style-type: none"> GoK will provide a reimbursement of 30% of the property tax incurred by GCCs for a period of three years from the commencement of their operations. 	<ul style="list-style-type: none"> Any new GCC being setup with 100+ employees in Beyond Bengaluru area

4.4 Pillar 4: Regulatory easing

This pillar is designed to simplify and streamline the regulatory framework for GCCs in Karnataka. Recognizing the need to reduce bureaucratic hurdles and create a business-friendly environment, this pillar focuses on providing robust support and guidance to GCCs throughout their establishment and operational phases. By addressing common regulatory challenges, the Government of Karnataka aims to enhance the ease of doing business, making the state an attractive destination for GCC investments.

More than incentives, the pillar focus on facilitating and handholding the entities, portraying the state's commitment towards serving the companies.

4.4.1 GCC Incentive Clinic

- GoK shall create a dedicated platform/ a operational helpdesk where GCCs can share their needs/ requirement/ pain points /ask questions, etc. which can ultimately Fastrack the processes and rule out complexities.
- Every fortnight, an open video conference (VC) session can be held. This one-hour call will be designed to assist individuals/entities interested in establishing GCCs in Karnataka.
- Participants can log into the session through a structured mechanism, providing them with an opportunity to interact with a panel of experts who can assist in providing support and guidance.
- The panel shall consist of strategy consultants, representatives from real estate service providers, Government officials, tax and legal experts.

4.4.2 Quality Certification Financial assistance

Incentive	Eligibility Criteria
<ul style="list-style-type: none">• Gok will provide a 50% reimbursement of quality certification fees, up to a maximum of INR 6 lakh, for GCCs setting up operations in the State.• Each GCC can claim this benefit for up to three certifications (one each year) within the policy period.	<ul style="list-style-type: none">• Any new or existing GCCs in Bengaluru Urban District

4.4.3 Intellectual Property Incentive

Incentive	Eligibility Criteria
<ul style="list-style-type: none">• GCCs will receive a reimbursement of 50% of the statutory fees for filing patents, with a maximum reimbursement of INR 2 lakh for domestic patents.• This incentive can be claimed up to five times during the policy period• Each GCC is eligible to use this benefit once per year.• The reimbursement is applicable only to approved patents.	<ul style="list-style-type: none">• Any new or existing GCCs in Bengaluru Urban District

4.4.4 Regulatory approval for connectivity

Applications for permission for Right of Way for laying of cables and for erection of towers and antennae would be approved within 30 working days.

Beyond Bengaluru – Special Package

Following incentives are a special package for Beyond Bengaluru area.

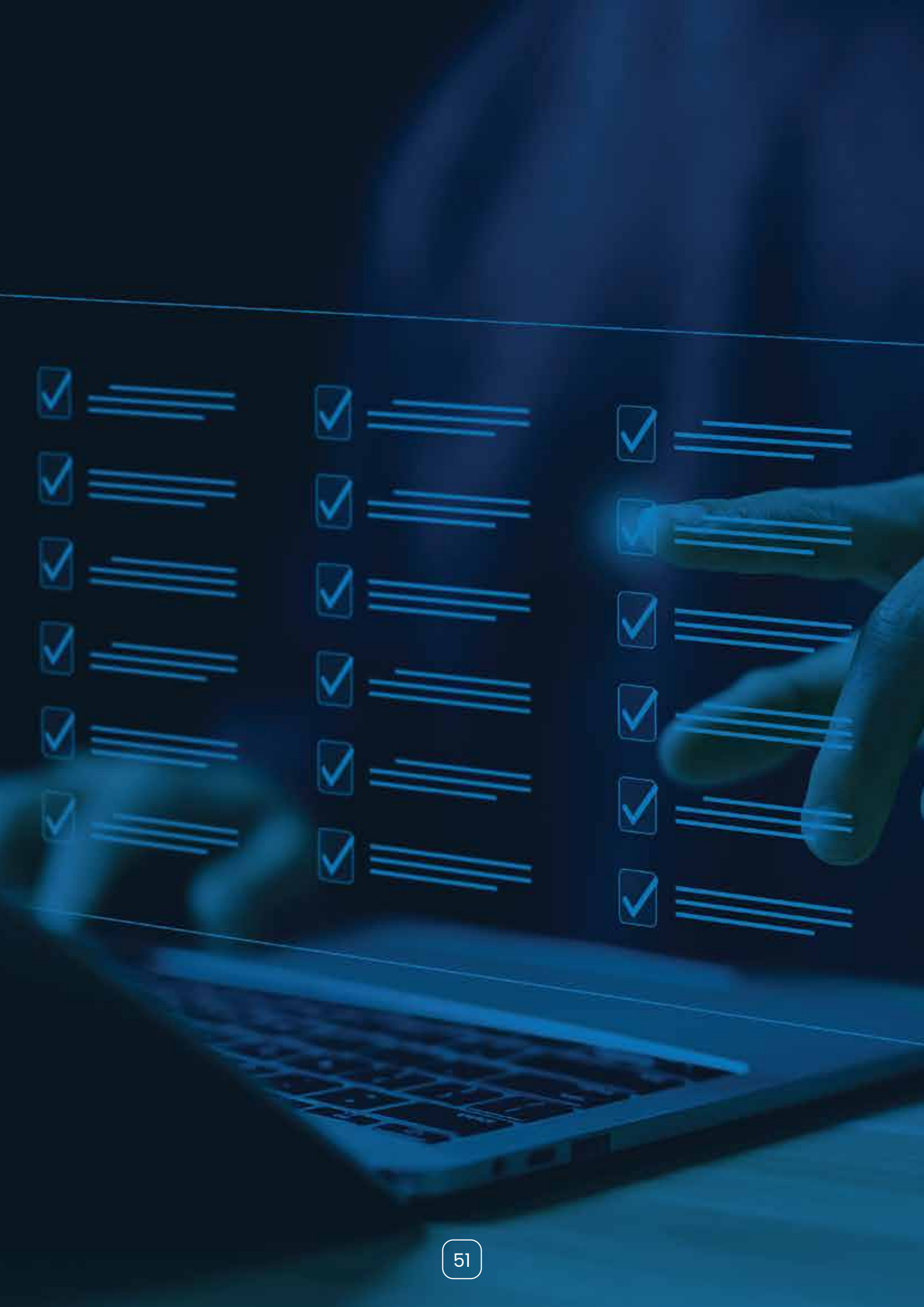
4.4.5 Quality Certification Financial assistance

Incentive	Eligibility Criteria
<ul style="list-style-type: none">• GoK will provide an 80% reimbursement of quality certification fees, with a maximum limit of INR 8 lakh, for GCCs operating in Beyond Bengaluru area.• Each GCC can claim this reimbursement for up to three certifications (one each year) during the policy period.	<ul style="list-style-type: none">• Any new or existing GCC in Beyond Bengaluru area

4.4.6 Intellectual Property Incentive

Incentive	Eligibility Criteria
<ul style="list-style-type: none">• GoK will provide 50% reimbursement of the statutory fees for patent filings to GCCs, up to INR 3 lakh for domestic patents.• This incentive can be claimed up to five times during the policy period• Each GCC is eligible to use this benefit once per year.• The reimbursement is applicable only to approved patents.	<ul style="list-style-type: none">• Any new or existing GCC in Beyond Bengaluru area





5

SUMMARY OF THE INCENTIVES

No.	Incentive	Description
For any new or existing GCCs in the state		
1	Internship	Reimbursement of 50% of internship stipend upto INR 5,000/month for INR 20,000 interns/year.
2	Skilling of Local Talent	Government reimburses 20% of skilling expenses up to INR 36,000 per graduate and INR 18,000 per diploma holder
3	Global Leadership Development	Financial assistance and matchmaking support for leadership skill development of high potential employees.
4	Common Platform for Collaboration	Setting up a matchmaking platform for industry-academia collaboration.
5	Utilization of GCC Labs and Technology	100% reimbursement of the cost incurred by startups, for using GCC facilities, capped at ₹40 lakh per GCC.
6	Establishing Innovation Labs/CoEs	Funding up to 40% of capital expenditure upto INR 5 crore in Bengaluru Urban District.
7	Innovation Challenges	Government funding for GCCs to address public service challenges through innovative solution, capped at INR 1.5 crore for the deployment of a solution.
8	Host Events and Conferences	Funding one-third of hosting costs up to INR 25 lakh for events in the state.

9	Intellectual Property Incentive	50% reimbursement of domestic patent filing fees, upto INR 2 lakh.
10	Quality Certification Financial Assistance	50% reimbursement of certification fees up to INR 6 lakh.
11	Approval for Connectivity	Applications for permission for Right of Way for laying of cables and for erection of towers and antennae would be approved within 30 working days.
12	GCC Incentive Clinic	A dedicated platform/ a operational helpdesk where GCCs can share their needs/ requirement/ pain points /ask questions, etc, will be setup.
13	Strengthening R&D Infrastructure	Grants up to 40% or INR 50 crore for developing R&D facilities.

For any new or existing GCCs in the Beyond Bengaluru area

1	Establishing Innovation Labs/CoEs	Funding up to 75% of capital expenditure upto INR 3 crore in Beyond Bengaluru clusters.
2	Cluster Anchor Groups	Government will form Cluster Anchor Groups and support the matchmaking for GCCs planning to setup each of the six Beyond Bengaluru clusters
3	Property Tax	Reimbursement of 30% property tax for 3 years.
4	Intellectual Property Incentive	50% reimbursement of patent filing fees, max INR 3 lakh.
5	Quality Certification Financial Assistance	80% reimbursement of certification fees up to INR 8 lakh.

For any new or existing GCCs in the Beyond Bengaluru area with minimum 100 employees

1	Recruitment assistance	Reimbursement of recruitment costs based on the number of new hires, capped at 50% of the total expenses, up to a maximum of INR 7 crore.
2	Rental Assistance	Reimbursement of rent expenses based on the number of employees, capped at 50% upto INR 2 crore

For any new GCCs in the Beyond Bengaluru area with minimum 100 employees

1	EPF Contribution Reimbursement	Reimbursement of EPF contributions for new employments upto INR 3000 per employee per month, for 2 years.
2	Supporting Telecom Infrastructure Development	Reimbursement of 25% of internet expenses upto 12 Lakh for three years.
3	Power related incentive	100% reimbursement of electricity duty and option to switch from Commercial to Industrial power tariffs

For Academic Institutions

1	Skilling Curriculum	Funds for developing industry-oriented courses; INR 10,000 per student and INR 20,000 per faculty trained, with a cap upto INR 1 crore per institution.
2	Joint Research	Funding 50% of approved research budgets, upto INR 75 lakh and up to INR 1 crore for projects with two institutions.

For Real Estate entities

1	Co-working Spaces	Reimbursement for vacant seat costs in co-working spaces for three years based on the number of vacant seats.
---	-------------------	---

For any registered entity in the state, Or Industry Associations

1	Establishing 'GCC Immersive Hubs'	Fund for setting up of 'GCC Immersive Hubs' to demonstrate innovation and R&D being undertaken in the State, on Public-Private Partnership (PPP) mode.
---	-----------------------------------	--



6

DEFINITIONS

Bengaluru Urban District: Bengaluru Urban District comprises of five taluks, namely Bengaluru North, Bengaluru North (Addl.), Bengaluru South, Bengaluru East and Anekal.

Beyond Bengaluru: Any region beyond Bengaluru Urban District. Used to describe cities/areas in Karnataka outside Zone 3 (as per the prevailing Karnataka Industrial Policy).

Capital Expenditure: Commonly known as Capex, are funds used by an entity to acquire, upgrade, and maintain physical assets such as property, buildings, an industrial plant, technology, or equipment.

Emerging Technologies: Emerging technologies are modern technologies whose development or practical applications, or both are still largely inherent, such that they are emerging into eminence from a background of nonexistence or ambiguity. Few of the emerging technologies include Artificial Intelligence, Cyber Security, Block chain, Advanced data analytics, Biotechnology.

Entity: Private Limited Entity (as per the Companies Act 2013), a Registered Partnership Firm (under the Partnership Act, 1932) or Limited Liability Partnership (under the Limited Liability Partnership Act, 2008).

Global Capability Centre (GCC): Global Capability Centres (GCCs) are fully owned, integrated hubs established by multinational corporations that are headquartered outside India, to leverage global talent, build intellectual property, and enhance operational efficiency. These centres serve the parent organization, managing a range of global functions like research and development, IT services, business process outsourcing, and more, ultimately driving innovation, reducing costs, value addition, and expanding the corporation's global impact.

Innovation Labs: Innovation Labs are spaces to foster open innovation. They provide market insights, develop industry expertise, in collaboration with other stakeholders.

Karnataka Digital Economy Mission (KDEM): KDEM is a Section 8 Company (not-for profit) with equity participation by both Industry and Government of Karnataka (Department of Electronics, IT, Bt and S&T). KDEM has been setup to promote Digital Industry growth and attract investments by providing hand-holding services and suggesting policy initiatives to be taken up by the State.

Operating Expenditure (OpEx): An operating/ operational expenditure/ expense, or OpEx is an ongoing cost for running a product, business, or system.

Reimbursement: Compensation given by the State/ public body/ organization for a defined expense by giving them an amount equal to what was agreed upon.

Research & Development : R&D activities can be defined as any systematic and creative work undertaken to increase the stock of knowledge and use of this knowledge to devise new applications. R&D activities include one or more of the categories of research such as basic research, applied research and experimental development. (UNESCO manual 1984 and Frascati manual, OECD, 2015). The term R&D thus covers three activities: basic research, applied research and experimental development. The basic criterion for distinguishing R&D from related activities is the presence in R&D of an appreciable element of novelty and the resolution of scientific and/or technological uncertainty, i.e. when the solution to a problem is not readily apparent to someone familiar with the basic stock of common knowledge and techniques for the area concerned.

Startup : As defined by the Government of Karnataka in the Karnataka Startup Policy

Subsidy : Subsidy is a sum of money granted by the state or a public body to help an industry or business to keep the price of a commodity or service low.

Anchor Investors : An Anchor Investor is a large, well-known business that occupies a significant amount of space in a commercial real estate property or industrial park or technology park. Anchor investors would often be the first tenant to sign a lease agreement and are crucial to the success of the property.

The key characteristics defining anchor investors includes:

- **Size:** They are typically the largest investor by square footage/area.
- **Prestige:** They will typically be GCCs/MNCs with enough prestige and popularity to attract other industries.
- **Long-term leases:** They tend to be willing to sign long-term leases (where applicable)
- **Strategic location:** They view the location as strategically important.





7

ABBREVIATIONS

Abbreviation	Expansion
AI	Artificial Intelligence
AVGC	Animation, Visual Effects, Gaming, and Comics
BFSI	Banking Financial Services and Insurance
CoE	Centre of Excellence
CAPEX	Capital Expenditure
Cr	Crore (in Indian Rupees Denomination)
GCC	Global Capability centres
GoK	Government of Karnataka
IIIT	International Institute of Information Technology
IIT	Indian Institute of Information Technology
KDEM	Karnataka Digital Economy Mission
MNC	Multi-National Corporation
OPEX	Operational Expenditure
R&D	Research and Development
TBI	Technology Business Incubator

SOURCES

- ▶ “A ready reckoner to help you set up a Global Capability Centre in India,” GCC Guide 2023, September 2023, JLL, 2023.
- ▶ “GCC location Landscape in India,” GCC quarterly landscape report, Q4’23, March 2024, ANSR, 2024.
- ▶ “India GCC Landscape Report”, September 2024, NASSCOM and Zinnov
- ▶ “Vision 2030: GCC trend analysis,” Future of GCCs in India a vision 2030, June 2023, EY, 2023
- ▶ “Foreign Direct Investment (FDI),” IBEF Website, ibef.org/economy/foreign-direct-investment
- ▶ STPI Data
- ▶ NIRYAT Database
- ▶ Karnataka Bioeconomy Report 2024, Karnataka Innovation and Technology Society
- ▶ Invest India, Government of India, <https://www.investindia.gov.in/state/karnataka>, accessed on 15 September 2024
- ▶ Karnataka Aerospace and Defence Brochure, Invest Karnataka, https://investkarnataka.co.in/wp-content/uploads/2023/02/8Feb_AD_Brochure_V7_print.pdf, accessed 15 September 2024
- ▶ 3One4 Capital
- ▶ “The top 50 AI Cities,” TIDE Framework, December 2021, Harvard Business Review 2021
- ▶ Karnataka Economic Survey 2023–2024; “Karnataka Horizon: Navigating real estate excellence in South,” July 2024, CBRE
- ▶ Bengaluru Innovation Report 2024, Government of Karnataka.
- ▶ “Karnataka Leading the Way for GCCs,” Karnataka GCC Landscape Report, July 2024, ANSR-KDEM, 2024
- ▶ “Karnataka Horizon: Navigating Real Estate Excellence in the South,” July 2024, CBRE Research

-
- ▶ “India GCC Landscape Report”, September 2024, NASSCOM and Zinnov
 - ▶ “Karnataka Leading the Way for GCCs,” Karnataka GCC Landscape Report, July 2024, ANSR-KDEM, 2024
 - ▶ “What's the right mix of elements to catalyse true value?” EY GCC Pulse survey 2023, September 2023, EY 2023
 - ▶ “R&D Expenditure Ecosystem; Current Status and Way Forward,” July 2019, government of India, 2019, psa.gov.in/article/rd-expenditure-ecosystem-report-and-actions-taken/3589.
 - ▶ “Karnataka Startup Policy 2022-2027,” itbtst.karnataka.gov.in/storage/pdf-files/Startup_Policy_2022-27-Kan_Eng.pdf.

Managing Director



Karnataka Innovation and Technology Society
BMTc Building 4th Floor
(TTMC 'B' Block-above Bus Stand) Shanti Nagar,
Bengaluru - 560027, India



kitsgok@karnataka.gov.in
md.ktech@karnataka.gov.in
mdkbits@gmail.com



eitbt.karnataka.gov.in