

Draft WBGCC Policy for Public Consultation



West Bengal Global Capability Centre (GCC) Policy (Draft)

Department of Information Technology & Electronics
Government of West Bengal

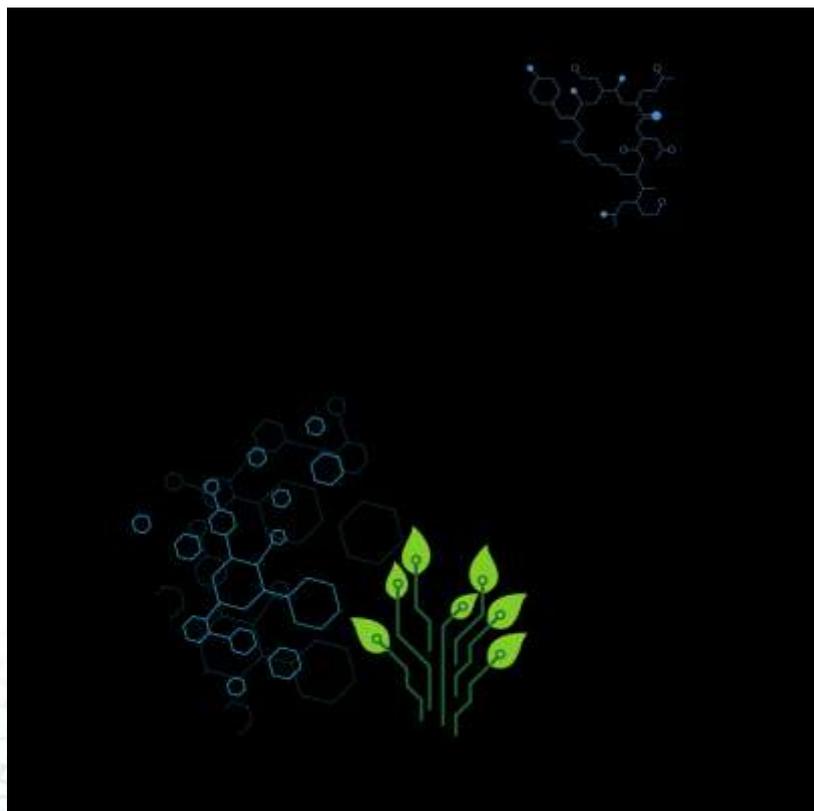


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1. Introduction

Global Capability Centres (GCCs) have emerged as critical enablers in the global business landscape. India, particularly, has the relevant eco-system for developing GCCs. These Centres serve as strategic hubs for multinational corporations, focusing on various functions in shared services mode such as IT, finance, human resources, research and development among others. The abundance of skilled people in India fuels the growth of GCC in India. The rise of GCCs in India has not only transformed the country's economic landscape but has also created massive global business opportunities.

The Government of West Bengal (GoWB) is committed to transforming the state into a global leader in key industry segments. Towards that GCCs would play a major role. This Global Capability Centre (GCC) policy is an ambitious initiative aimed at supporting various industrial clusters with the availability of international standard infrastructure, specifically skilled manpower and ease of doing business to attract investment to build large GCCs in the state, to stimulate employment, and build a sustainable industrial ecosystem. West Bengal is well-positioned to establish Global Capability Centres (GCCs) due to its extensive infrastructure, strategic location, and skilled workforce. With high road density, robust maritime and air facilities, and efficient urban transport systems, the state enhances connectivity and trade, making it a favourable destination for GCCs.

2. Vision, Mission and Objectives

2.1 Vision

The policy envisions establishing West Bengal as a leader in establishing GCCs for larger multi-national companies of different industries, ranging from Banking and Finance to Manufacturing. By attracting substantial investments and forming strategic partnerships, the state aims to generate significant employment opportunities, focus on high-growth industries and enhance skill development initiatives. This comprehensive approach will not only boost foreign investments, exports and employment of local people to stimulate local economies but also will position West Bengal as a leader in the global GCC landscape.

2.2 Mission

- **Employment Generation:** Provide new employment opportunities through the establishment of different sizes of GCC for various industrial sectors.
- **Skill Development:** Facilitate the upskilling of the workforce in different verticals of key industries.
- **Enhance Industrial Competitiveness:** Develop infrastructure, logistics, and technology to create globally competitive manufacturing and service hubs.
- **Promote Investment:** Introduce favourable policies to attract both foreign and local investors to set up world-class GCCs.

2.3 Objective

To establish West Bengal as a premier destination for Global Capability Centres (GCCs) by fostering world-class industrial clusters that drive innovation and competitiveness. This objective aims to generate substantial employment opportunities through the expansion of key sectors, facilitate workforce skill development, enhance industrial competitiveness through advanced infrastructure and logistics, and promote foreign and local investment by implementing investor-friendly policies. By achieving this, West Bengal will stimulate local economies, increase exports, and position itself as a global hub for industrial growth.

3. Governance

3.1 Nodal Agency

West Bengal Electronics Industry Development Corporation Limited (a.k.a. WEBEL), the State Implementing Agency & State Level Implementing Agency (SIA & SLNA), a State PSU under the aegis of the Department of IT & Electronics, Government of West Bengal, shall be responsible for the efficient implementation of the West Bengal Semiconductor Policy 2024. The agency's primary role will be to foster a favourable policy environment that promotes the sustained growth of the GCC ecosystem within the state. Acting as a Single Window for engagement with all ecosystem stakeholders, it will streamline interactions and facilitate efficient processes.

To effectively manage the operations of the Single Window, the Nodal Agency might establish a dedicated Project Management Unit (PMU). This unit would be adequately staffed with outsourced professionals and consultants to provide essential support to the Government in fulfilling its objectives. The PMU will ensure seamless coordination and effective execution of initiatives earmarked for GCCs in the state.

3.2 Policy Implementation Unit (PIU)

A Project Implementation Unit (PIU) can be established under the chairmanship of the Principal Secretary, Department of IT & Electronics, to oversee the operations of the Nodal Agency. The PIU will play a vital role in ensuring the effective implementation of the Policy, including the approval of investment proposals, disbursement of incentives, and making recommendations to the Empowered Committee.

The PIU will be responsible for examining and approving investment proposals within the policy framework, up to a value of INR 200 Cr. However, investment proposals exceeding INR 200 Cr. will be recommended to the Empowered Committee for necessary approval. The PIU will ensure a streamlined and efficient process for evaluating and sanctioning investment projects, thus contributing to the successful realization of the Policy's objectives.

3.3 Empowered Committee cum State-Level Task Force

A state-level Empowered Committee & State Level Task Force (EM&SLTF), chaired by the Chief Secretary, will be established to oversee and ensure the effective implementation of the Policy. The committee's mandate will encompass the smooth implementation of the policy and coordination between different departments to promptly address investor-related issues at all levels.

The EM&SLTF will play a pivotal role in providing inter-departmental coordination, ensuring seamless collaboration among the Department of Infrastructure and Industrial Development, IT & Electronics, Finance, Planning, Small Industries, Commercial Tax, Energy, Irrigation, Housing Department, Labor, and other relevant departments. As required, Additional Chief Secretaries, Principal Secretaries of other Departments, and CEOs of Industrial Development Authorities may be included as members of the committee to enhance its expertise.

Projects exceeding INR 200 Cr. will be subject to approval by the state cabinet, based on the recommendations made by the EM&SLTF. This committee will be instrumental in fostering an investor-friendly environment, enabling the successful realization of the Policy's objectives and contributing to the overall growth of the state's economy.

4. Focus Industries

West Bengal offers a highly favourable environment for establishing Global Capability Centres (GCCs) across the state, supported by its strategic locations, skilled labour force, and robust infrastructure. Various industries are thriving throughout West Bengal, creating a rich landscape for potential investment. The electronic and semiconductor manufacturing sectors are well-positioned for growth, benefiting from a strong focus on research and innovation driven by local academic institutions. The state has a historical strength in heavy industries and engineering, providing a solid foundation for automotive and heavy engineering sectors. The policy also focuses on electronic manufacturing in the state. The presence of key ports enhances international trade and logistics, giving these industries a strategic advantage. Additionally, the leather technology sector is poised for significant expansion, leveraging existing expertise and infrastructure to elevate its global standing.

West Bengal's rich heritage in textiles can facilitate a transition to modern manufacturing practices, attracting investment and enhancing competitiveness. The logistics and maritime sectors are critical for the state's economy, and developing inland waterways can further streamline freight transport, making West Bengal an attractive destination for logistics focused GCCs. Furthermore, the foundry and metallurgy industries are well-established, with opportunities for integrating modern technology to improve production efficiency. The rapid growth of IT and IT-enabled services reflects the state's potential for advancements in software development and digital services, fostering an environment ripe for investment.

5. State GCC Policy - Strategy and Implementation

The WB-GCC Policy 2024 shall remain effective for a duration of five (5) years from the date of its official notification. The policy applies to the entire state of West Bengal, and investment opportunities will be open starting from the date of policy notification.

The West Bengal GCC policy recognizes the imperative need to enhance the Global Capability Centre (GCC) landscape across the entire State. This strategic initiative of decentralisation of futuristic industrialisation aims to foster balanced regional development, optimize resource distribution, enhance intrinsic as well as overall deep-tech skilling among academic multitude and thereby create a robust ecosystem conducive to business growth.

5.1 Categorization of GCC Organizations

DEFINITION:

A **Global Capability Centre (GCC)** is a specialized offshore unit established by a multinational corporation (MNC) to deliver centralized, high-value support functions integral to the corporation's global operations. GCCs focus on strategic functions such as Information Technology (IT), finance, research and development (R&D), analytics, and process optimization. Types of GCCs include Global In-house Centres (GICs), Global Captive Centres (GCCs), Global Delivery Centres (GDCs), Shared Service Centres, R&D Centres, Knowledge Centres, Innovation Centres, and, in some cases, Customer Support Centres.

Such GCCs will have to operate exclusively as extensions of their parent MNCs, directly integrating with the MNC's global operations rather than functioning as independent Business Process Outsourcing (BPO) entities or traditional IT/ITES-based companies. The scope of GCCs excludes Project Offices and Liaison Offices (as defined in the RBI master circular no. RBI/2014-2015/11, No.7/2014-15 Master Circular on Establishment of Liaison / Branch / Project Offices in India by Foreign Entities) The primary role of a GCC is to support and enhance the digital, strategic, and operational processes that align with the overarching objectives of the parent company.

A GCC must operate in the fields of IT, Semiconductor, heavy industries and engineering, transportation, finance, research and development, or other strategic services directly aligned with the objectives outlined in this policy. It should be engaged in activities such as Design, Research & Development, Data Analytics, various types of DeepTech, financial and other expert services as may be notified from time to time. Only multinational corporations (MNCs) with significant operations in these areas and also located within the country; are eligible to apply, subject to the approval and validation of operations as a GCC by the State Government, following due processes and norms, to be notified from time to time. One particular GCC may not be housed in a single building/facility but spread in different locations within the physical boundaries of the state of West Bengal performing the same strategic function, and for the purpose of this policy, they will be collectively treated as one GCC.

To implement this policy framework, the government will develop a structured incentive system, invest in infrastructure improvements, and collaborate with educational institutions for skill development. A robust monitoring and evaluation mechanism will ensure that this initiative aligns with the state's economic objectives, ultimately creating a vibrant and inclusive GCC landscape that transcends traditional urban boundaries. Special emphasis will be placed on supporting micro, small, and medium enterprises (MSMEs) to avail the benefits of the policy.

5.2 Realignment of Existing Delivery Centres with WB-GCC Policy

Apart from inviting investments to setup novel GCCs, the West Bengal GCC Policy recognizes the potential of existing Global Delivery Centres (GDCs)/ Global Shared Services Centres and various existing Research & Development (R&D) units supporting as captive of larger industrial organizations in the state to transition into Global Capability Centres (GCCs).

This initiative aims to enhance the operational capabilities of these Centres, thereby contributing to the state's economic growth and technological advancement. Under the GCC Policy 2024, the government will provide support to convert up to 50 existing GDCs and captive R&D units into fully operational GCCs. This conversion will involve upgrading infrastructure, enhancing digital capabilities, and fostering a culture of innovation. The policy will facilitate access to necessary resources, including financial incentives, tax benefits, and streamlined regulatory processes, ensuring that these Centres can effectively transition to GCC status. The conversion process will focus on aligning these Centres with the strategic objectives of the GCC framework, which emphasizes not only the enhancement of services but also the integration of advanced technologies and practices.

By leveraging the existing talent pool and infrastructure, the state aims to create a robust ecosystem that supports the growth of various sectors, including electronic manufacturing, IT services, and emerging technologies.

5.3 Policy Promotion

West Bengal is set to launch an extensive marketing and branding initiative designed to elevate the profile of its Global Capability Centre (GCC) Policy on both national and international stages, with the goal of enticing investors. The Nodal Agency will undertake several key responsibilities:

- i. Developing a unique brand identity for the state's IT and Business Services sectors in conjunction with the GCC Policy.
- ii. Coordinating and engaging in national and international conferences, summits, roadshows, and other events to effectively highlight the policy and present investment opportunities.

- iii. Leveraging various media channels—print, electronic, and social—to elevate awareness of West Bengal's appeal as a top destination for Global Capability Centres, emphasizing its strategic benefits and skilled talent pool.
- iv. Establishing a dedicated online platform to facilitate promotional efforts and streamline the investment application process, ensuring a user-friendly experience for prospective investors.

Through this strategic approach, West Bengal aspires to firmly establish itself on the global map and draw substantial investment into the GCC sector, thereby driving economic growth and advancing industrial development throughout the state.

6. Financial Incentive Structure for GCC Establishments

The Government of West Bengal will offer a comprehensive set of incentives to promote the development of the GCCs across the identified clusters:

Eligibility Criteria:

To qualify for policy benefits, the GCC must be physically located in West Bengal. The GCC must be of a multinational corporation (MNC), and having a global workforce of over 1,000 global employees. Additionally, eligible GCC operations in West Bengal must employ a minimum of 150 staff including at least 15% interns during the first three years of its operations.

The GCC must occupy at least 20,000 sq. ft. of built-up area with facilities involving tools, instruments, software and hardware which enable the deployed workforce to achieve the specialized technological or domain-centric function of their parent multi-national organization.

METHODOLOGY:

- Financial incentives will be provided out of the annual budgetary allocation of the IT&E Department and shall be extended through the SIA & SLNA i.e., M/s WBEIDCL (Webel).
- The total disbursement of incentives shall not exceed in any circumstance the annual budgetary allocation of the IT&E dept. for the particular purpose for a particular fiscal year.
- The incentives shall be extended on a *first come first served* basis (subject to compliance with all eligibility criteria) and shall be *offered in full to the first movers* in each financial year, subject to the budgetary allocation of the IT&E Department. All these details including the budgetary allocation for each financial year at the start of the year, criteria of subsidy eligibility and allocation for that financial year to various GCC shall be made available on the portal by the IT&E Department in a transparent manner.
- The policy benefits can be extended to a GCC *notwithstanding* any other benefits receivable from the Central Government.
- The entire policy delivery mechanism shall be governed through an Online Single Window Clearance System (OSWiCS) to be notified by the IT&E Dept. in due course.

6.1 Existing incentives available under Information Technology & Electronics Policy 2018:

- a) The Incentive Policy of Commerce and Industries and MSME Departments will be made available *mutatis mutandis* excepting the incentive related to *Electricity Duty, Stamp Duty and Registration Fee Waiver*.
- b) **Exemption in property tax of 50%** will be given up till August 2030 [as per section 102B of the West Bengal Municipal Act 1993].
- c) **Electricity Duty Waiver:** To provide waiver of electricity duty, on the actual electricity consumption, from the date of start of commercial operations of the IT/ITeS establishments including ESDM/Semiconductor industries, during the currency of the policy period.
- d) **Stamp Duty and Registration Fees Waiver:** To provide 100% exemption of stamp duty and registration fees for any transaction related to setting up of IT/ITeS establishments including ESDM/Semiconductor industries.

6.2 Operational Incentives

a) R&D Incentives: Patent Filing Fee Reimbursement

To qualify for R&D incentives, GCCs must demonstrate documented research outcomes, such as published papers, patents filed (at least one collaborator should be from West Bengal), or similar outputs that showcase the centre's contributions to innovation.

Eligibility:

- The patent must be developed entirely within the GCC **based in West Bengal**.
- The patent should be **granted** either in India or globally.

Reimbursement Details:

- The GCC is eligible for 100% reimbursement of patent filing fees **up to 20 patents per year**.
- The maximum reimbursement is capped at **INR 20 lakhs per GCC per annum**.

b) Capital Investment Incentives:

Incentives on capital investments in the form of **plant and machinery** will be allowed under this policy. The incentive extended under the policy will be based on the import duty costs incurred by the GCC. The empowered committee will conduct a detailed assessment and shortlist **three organizations** that would best qualify to be benefited under the policy. The maximum permissible amount under this incentive is fixed at **INR 4 Cr.** per GCC per annum.

6.3 Lease Rentals Subsidy

The State Government will provide up to a maximum of 50% subsidy on lease rentals incurred by the GCC for the first three years with a maximum cap of **Rs. 75 lakhs per GCC per year** for *industrial sheds, lands, office space or building* taken on lease or rent. Any revision on this cap will be made by the IT&E Department only with the concurrence of the Finance Dept.

6.4 Transportation Subsidy

The State Government will provide up to a maximum of 50% subsidy on transportation charges incurred by the GCC for the first three years with a maximum cap of **Rs. 75 lakhs per GCC per year** for *transporting into the GCC from their other locations across the globe*. Any revision on this cap will be made by the IT&E Department only with the concurrence of the Finance Dept.

6.5 Incentives on GCC Internships

- a) The Government of West Bengal will support newly established GCCs by allowing incentives for hiring interns from the state. The empowered committee will analyse the number of interns hired by GCCs and make appropriate provisions for reimbursing the amount spent on hiring interns. The maximum relaxation under this clause would be **INR6.5 Cr.per organization per annum**.
- b) Internship incentives are provided for a minimum internship period of **3 months** and a maximum of **12 months** per intern.
- c) The government will partner with industry associations to facilitate the placement of internships that bridge academia and industry.
- d) Each Global Capability Centre (GCC) may avail itself of this incentive for a maximum of 3 years.
- e) Organizations are encouraged to provide equitable opportunities for women candidates and to consider offering full-time employment to the maximum number of interns.
- f) This Internship Incentive will also cover the skilling of the newly recruited and existing employees of the GCC.

7. Conclusion

The GCC Policy 2024 provides a robust framework for West Bengal's industrial growth by focusing on developing global-standard clusters, enhancing infrastructure, and promoting strategic partnerships. Through a phased and well-structured execution strategy, the policy aims to make West Bengal a leading player in industries like electronics, semiconductors, leather, textiles, and logistics. The state's commitment to sustainable development and competitiveness will make it an attractive destination for both domestic and international investors, thus fostering long-term economic growth.