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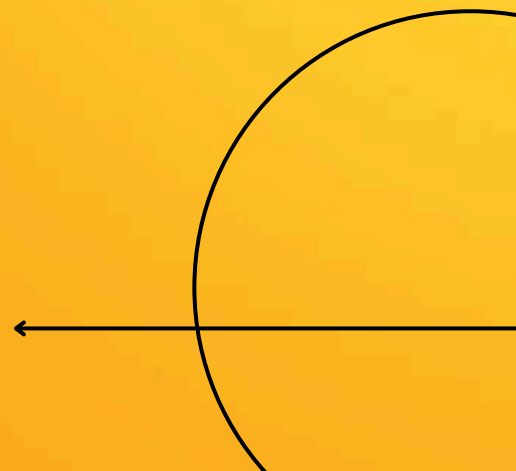
Lucknow

India's Next Strategic **IT Hub**



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Executive Summary

Lucknow, a city historically celebrated for its cultural heritage and administrative significance, is undergoing a profound transformation, rapidly emerging as a pivotal Tier-2 IT hub in India. This evolution is not a mere coincidence but a meticulously orchestrated development, driven by **a confluence of proactive governmental policies, substantial infrastructural enhancements, a burgeoning and accessible talent pool, and compelling cost advantages.** The city is shedding its traditional image to embrace a new identity as a **strategic location attracting significant investments from both established Indian and multinational information technology firms.**

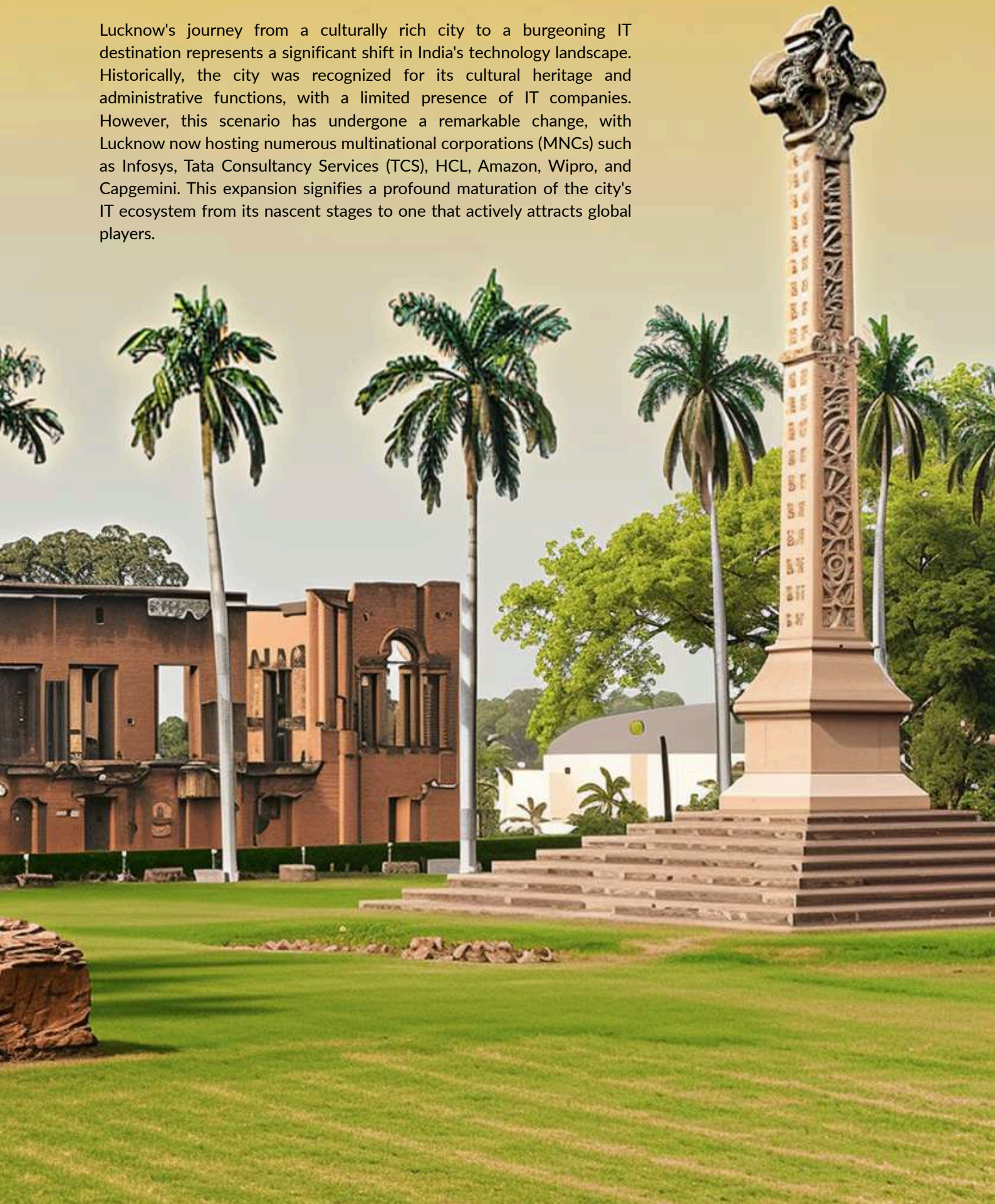
This report delves into the core drivers underpinning Lucknow's escalating strategic importance. It highlights how the Uttar Pradesh government's initiatives, particularly the forward-looking Global Capability Centres (GCC) Policy 2024, are cultivating an exceptionally favorable business environment. Underscoring the availability of a skilled yet cost-effective workforce, crucial for sustained growth and operational efficiency. Furthermore, the report examines the robust and expanding infrastructure, including dedicated IT and AI cities, and the strategic focus on cutting-edge technologies like Artificial Intelligence. These elements **collectively present unique and compelling opportunities for IT companies seeking to diversify their operational footprints, optimize costs, and tap into new talent reservoirs** outside the traditionally saturated and expensive Tier-1 metropolitan centers.



Introduction

Lucknow's Transformation into a Promising IT Hub

Lucknow's journey from a culturally rich city to a burgeoning IT destination represents a significant shift in India's technology landscape. Historically, the city was recognized for its cultural heritage and administrative functions, with a limited presence of IT companies. However, this scenario has undergone a remarkable change, with Lucknow now hosting numerous multinational corporations (MNCs) such as Infosys, Tata Consultancy Services (TCS), HCL, Amazon, Wipro, and Capgemini. This expansion signifies a profound maturation of the city's IT ecosystem from its nascent stages to one that actively attracts global players.



As a well-developed Tier-2 city, Lucknow is demonstrating efficient growth in its IT industries. This positioning inherently offers advantages, including lower operational costs and a potentially less saturated talent market compared to its Tier-1 counterparts. The city has proactively established dedicated IT parks and tech hubs, notably the Lucknow IT City and the Awadh Park, providing modern facilities and a conducive environment for IT companies, startups, and entrepreneurs. These physical infrastructures are fundamental in signaling Lucknow's readiness and commitment to fostering IT investment and growth.

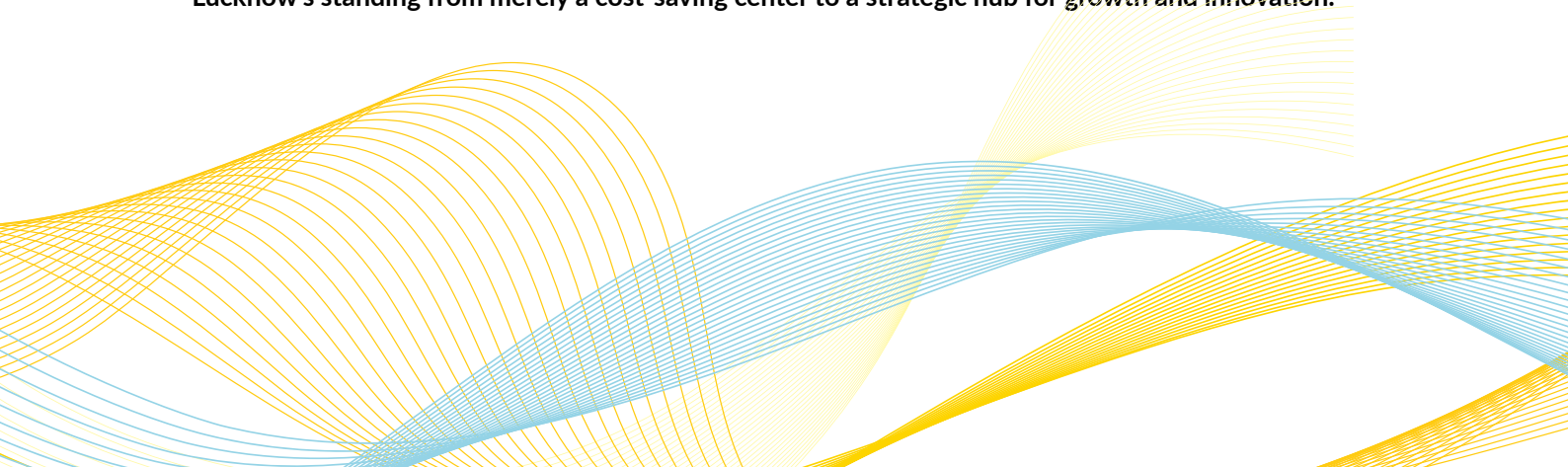
The confidence of major players is evident in their established presence. Reputable IT companies offering a wide range of services, including software development, IT consulting, and business process outsourcing, have set up operations in Lucknow. This list includes industry stalwarts like Tata Consultancy Services (TCS), HCL Technologies, Tech Mahindra, Wipro, Cognizant Technology Solutions, Infosys, Persistent Systems, Mphasis, and ITC Infotech. The consistent presence of these large Indian IT services and consulting companies underscores their belief in Lucknow's long-term potential.

More recently, the momentum has accelerated. Over the past six months, at least four leading IT firms, including major players such as Deloitte India and Genpact, have publicly announced and initiated their operations in the state capital. This recent surge in new establishments indicates a strong and accelerating trend of IT companies choosing Lucknow as a strategic location for expansion. Further solidifying this trend, the US IT company IBM **plans to establish a Software Lab in Lucknow. This lab will focus on advancing Generative and agentic AI technologies, leveraging the region's skilled workforce to develop next-generation AI solutions for businesses both in India and globally. This investment in cutting-edge technology signals a strategic move beyond traditional IT services, positioning Lucknow at the forefront of emerging tech domains.**

The city's growing prominence has not gone unnoticed by industry observers. Significant validations in the form of reports on the lines of 'Emerging Technology Hubs of India', explicitly placing **Lucknow in the list of cities poised to lead and benefit from the "next wave of tech hubs"**. This external endorsement from highly reputable industry bodies lends substantial credibility to Lucknow's strategic importance.

CXOs further reinforced this sentiment, characterizing Uttar Pradesh as one of India's fastest-growing states and noting that Lucknow was "full of possibilities." This statement from a leader of a major global consulting firm underscores confidence in the region's potential and commitment to contributing meaningfully to its economic and technological transformation.

The consistent presence and expansion of top-tier IT firms like TCS, HCL, Infosys, and Wipro indicate a strategic evolution in how Tier-2 cities are perceived. Initially, such cities were often viewed primarily as avenues for cost arbitrage, suitable mainly for back-office or less complex operations. However, the sustained establishment and growth of these major players suggest that Lucknow is now considered a viable and attractive location for core IT services, comprehensive software development, and even advanced technological endeavors such as AI development, as evidenced by IBM's planned lab. This shift implies that companies are finding not only significant cost benefits but also the requisite quality of talent, robust infrastructure, and supportive governmental frameworks to operate critical business functions. **This elevates Lucknow's standing from merely a cost-saving center to a strategic hub for growth and innovation.**



The increasing interest and investment from major IT players also reveal a broader strategic imperative for Indian IT companies: diversification and risk mitigation. Over-reliance on a few dominant Tier-1 hubs exposes companies to various operational risks, including high attrition rates, escalating real estate costs, and persistent infrastructural bottlenecks, such as the well-documented traffic congestion in Bengaluru. By establishing or expanding operations in emerging hubs like Lucknow, IT companies can effectively mitigate these risks. This approach **allows them to access a fresh and often less competitive talent pool, potentially gaining a first-mover advantage in a market that is still developing.** Consequently, this strategic move is not solely about achieving growth; it is fundamentally about building a more resilient, geographically diversified, and operationally stable business footprint.

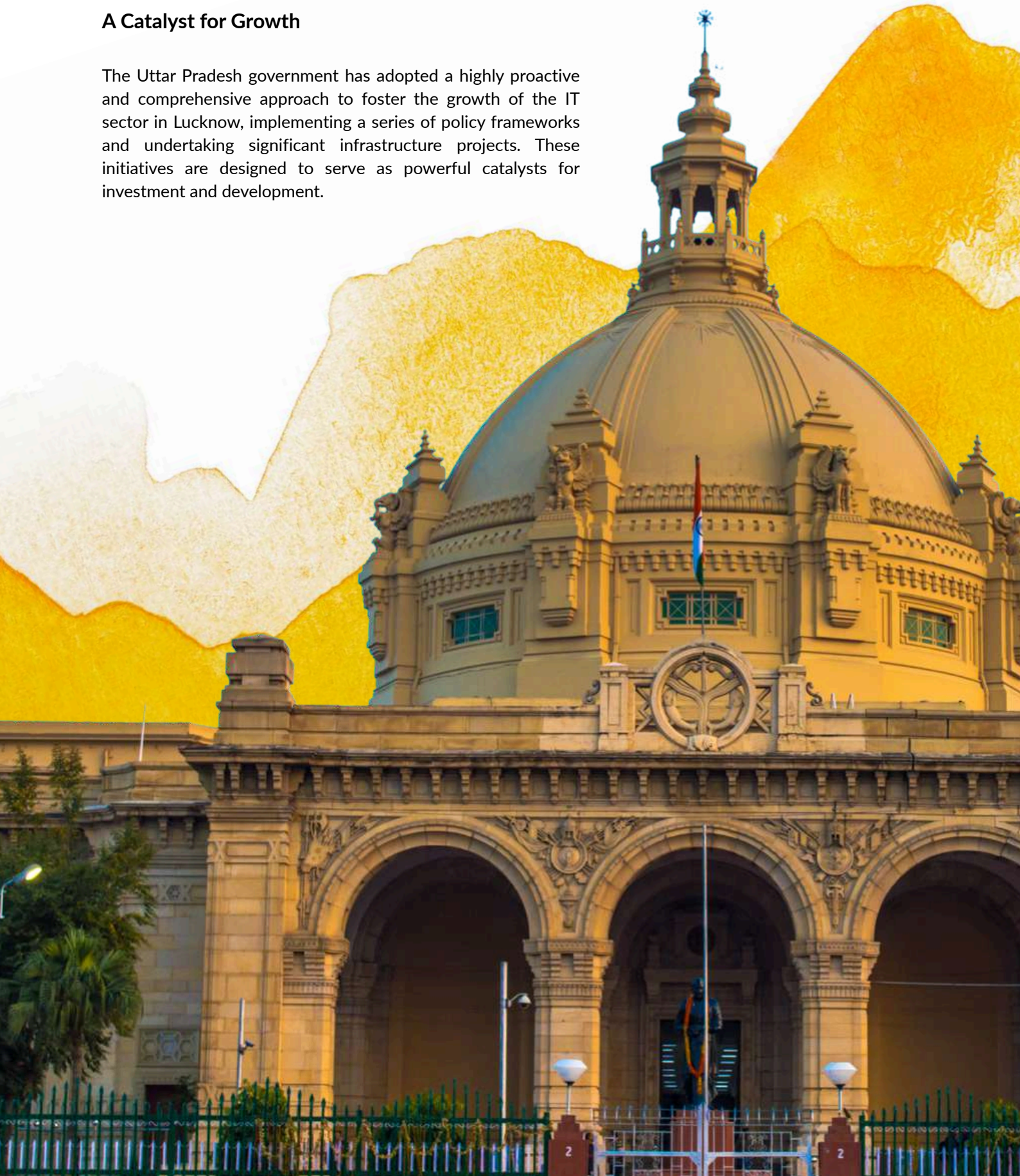
Government's initiatives—including **the Global Capability Centres (GCC) Policy, the development of IT Parks, and the ambitious AI City project**—are not merely theoretical constructs. Instead, these policies are actively shaping the market, attracting significant attention, and drawing substantial investment. This positions the government as a crucial enabler and an active participant in the market's development, moving beyond a traditional regulatory role to become a driving force in economic transformation.



Government Initiatives and Policy Frameworks

A Catalyst for Growth

The Uttar Pradesh government has adopted a highly proactive and comprehensive approach to foster the growth of the IT sector in Lucknow, implementing a series of policy frameworks and undertaking significant infrastructure projects. These initiatives are designed to serve as powerful catalysts for investment and development.



Uttar Pradesh Global Capability Centres (GCC) Policy 2024

The Global Capability Centres (GCC) Policy 2024 stands as a cornerstone of Uttar Pradesh's strategy to transform its urban centers into leading technology hubs. The policy explicitly aims to position cities such as Noida, Lucknow, Kanpur, and Varanasi as prominent tech destinations. A primary objective of this policy is to attract Fortune 500 companies and significantly boost foreign direct investments (FDI) into the state. The policy outlines an ambitious plan to generate over 2 lakh high-paying jobs within the next five years, directly contributing to the state's economic growth. This initiative is also integral to the Chief Minister Yogi Adityanath-led government's broader resolve to achieve a USD 1 trillion economy for Uttar Pradesh.

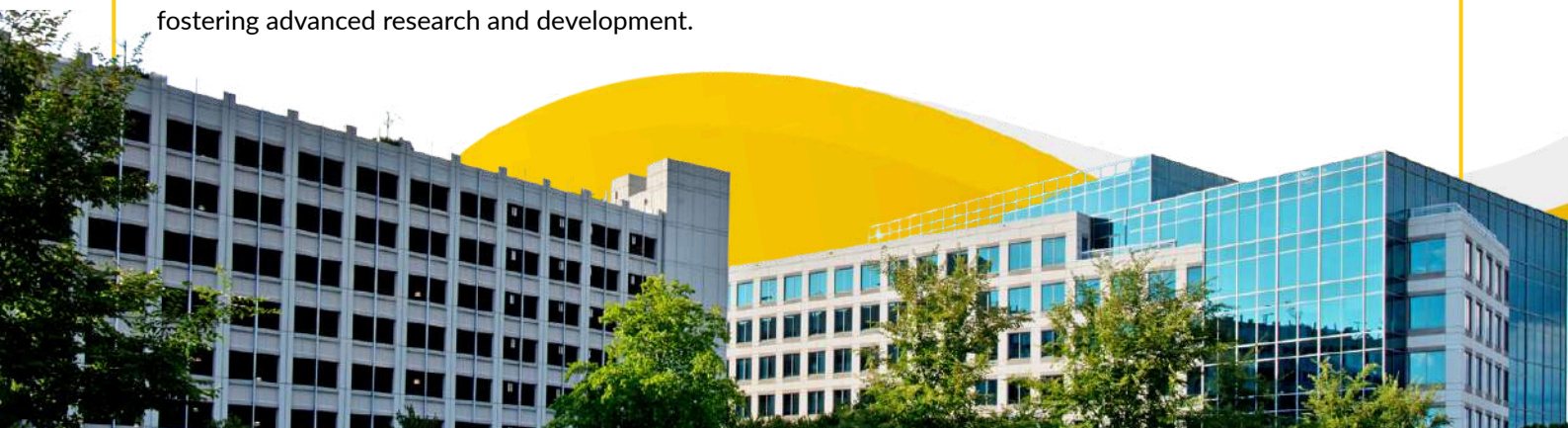
To achieve these ambitious goals, the GCC Policy provides a robust suite of financial incentives meticulously designed to reduce both the initial setup costs and ongoing operational expenditures for IT companies:

- **Land Cost Subsidy:** Companies can avail of a substantial 30-50% subsidy on land costs, significantly lowering one of the primary capital outlays.
- **Stamp Duty Exemption:** A full 100% exemption on stamp duty is provided, further reducing acquisition expenses.
- **Capital Subsidy:** A 25% capital subsidy is available, capped at ₹10 crores for Level-1 GCCs and ₹25 crore for Advanced GCCs, supporting investment in infrastructure and equipment.
- **Interest Subsidy:** A 5% interest subsidy is offered, easing the financial burden of borrowing for development.
- **Operational Subsidy:** A 20% operational subsidy is provided, with limits of up to ₹40 crores for Level-1 GCCs and ₹80 crores for Advanced GCCs, directly reducing ongoing operational costs.
- **Payroll Support:** Companies can also receive payroll support of up to ₹1.8 lakh per employee, which helps in managing human resource expenses.

The policy defines clear investment requirements for GCCs, particularly for locations outside Gautam Buddha Nagar and Ghaziabad, which includes Lucknow. For Level-1 GCCs, companies are required to invest a minimum of ₹15 crore or employ at least 500 people. For Advanced GCCs, the requirements are higher, stipulating a minimum investment of ₹50 crore or the employment of 1,000 people. This tiered approach ensures the policy is inclusive, catering to both small and large investors.

A strategic element of the policy is the provision for customized incentive packages. These special packages are offered to GCCs established by Fortune 500 companies, India's top 500 corporates, or entities with foreign direct investment (FDI) exceeding ₹100 crores. This tailored approach is a deliberate move to attract top global corporations and significant capital to Uttar Pradesh.

Beyond direct financial incentives, the policy actively supports innovation and the startup ecosystem. It includes a 50% cost reimbursement for startup ideation, up to ₹2 crores, encouraging new ventures. An Intellectual Property Rights (IPR) subsidy of ₹5-10 lakh is provided for patent filings, promoting indigenous innovation. Furthermore, grants of up to ₹10 crores are available for setting up Centres of Excellence, fostering advanced research and development.



Dedicated IT and AI Infrastructure Projects

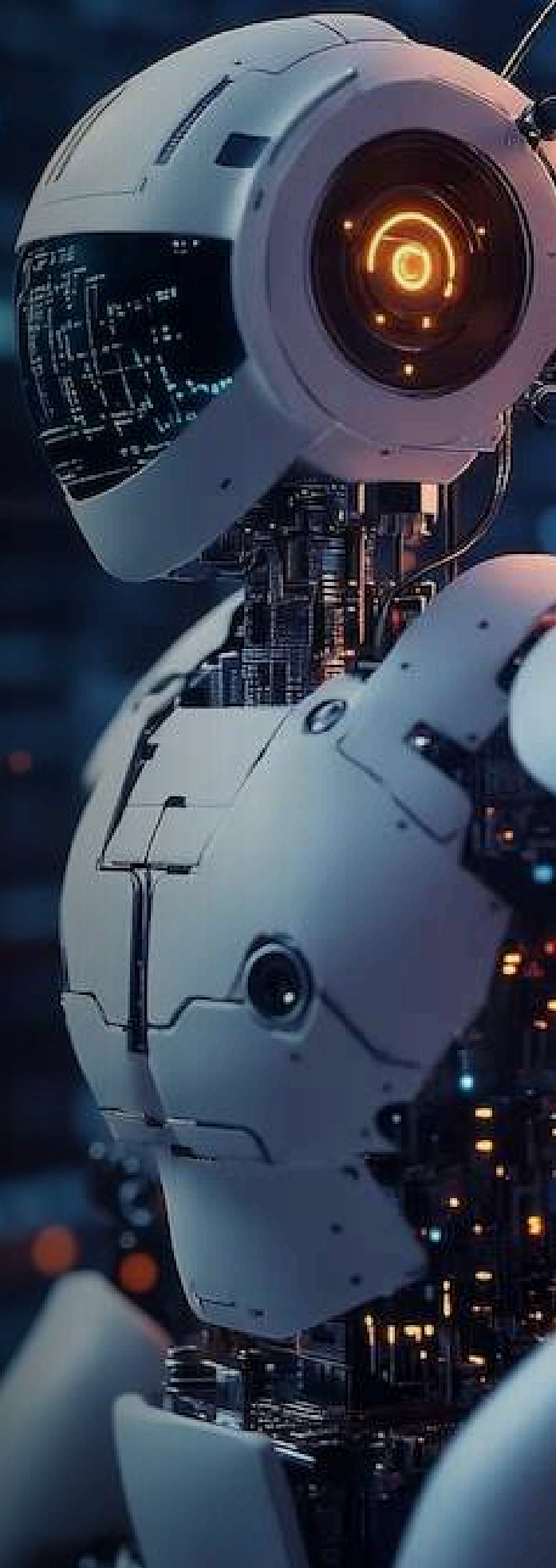
Lucknow's strategic importance is further cemented by its **dedicated infrastructure projects**. The city has established **prominent IT parks and tech hubs**, including the **Lucknow IT City** and the **Awadh Park**, which offer **state-of-the-art facilities** essential for modern IT operations. The Lucknow Development Authority (LDA) is actively driving the **Mega IT City Project**, **inviting skilled contractors and developers to participate in this visionary undertaking**.

The Mega IT City project is designed on an expansive scale, covering an area of 2858.59 acres and divided into nine distinct sectors. Notably, Sectors 1-3 are specifically dedicated to IT offices, tech hubs, and software development parks, while Sectors 4-5 are planned for residential areas to accommodate employees, promoting a **desirable "walk-to-work" model**. This integrated development is anticipated to significantly increase demand for both commercial and residential properties, boost overall infrastructure development, attract global investors, and generate thousands of direct and indirect employment opportunities. An earlier **IT park project near the Lucknow airport, spanning 1,30,000 square meters, was estimated to cost ₹285 crores, indicating a consistent investment in IT infrastructure**.

A groundbreaking initiative is **the development of India's first Artificial Intelligence (AI) City in Lucknow**. This ambitious project is backed by a **₹5 crore allocation in the Finance Bill 2025-26**. **Spanning 70 acres in the Nadarganj Industrial Area**, the AI City is envisioned to attract leading tech firms, startups, and research institutions with a focus on artificial intelligence, machine learning, and data analytics. It will feature **"plug-and-play" infrastructure, Grade A office spaces**, and dedicated areas for top engineering and management institutes, **fostering crucial industry-academic collaboration**.

Complementing these IT-specific developments, the Uttar Pradesh government is also targeting substantial private sector investments in electronics manufacturing and data centers, aiming for ₹70,000 crores. This includes **an expected ₹40,000 crore investment and 400,000 job opportunities under the UP Electronic Manufacturing Policy (UPEMP) and ₹30,000 crores under the UP Data Centre Policy 2021**, with plans for 8 private data center parks totaling 900 MW capacity.

A notable recent investment is Sify Infinit Spaces Limited's launch of its **first AI-Hub Data Center project at the HCL IT City campus in Lucknow**, slated for commissioning in June 2025. Furthermore, the state has secured **investments exceeding ₹32,000 crores in semiconductor projects near the under-construction Jewar International Airport**, demonstrating a broader state-level commitment to high-tech manufacturing that creates a favorable ecosystem for the IT sector.



Skill Development and Digital Governance

Recognizing the critical importance of a skilled workforce, the UP government has launched the "AI Pragya" initiative. This unique program aims to train over ten lakh citizens in cutting-edge technologies such as artificial intelligence, machine learning, data analytics, and cybersecurity. This directly addresses the potential skill gap in emerging IT domains, ensuring a future-ready talent pool.

The AI City project and other digital initiatives are integral to the UP government's broader digital transformation agenda. This includes promoting digital governance, implementing smart city initiatives, and enhancing IT-enabled services. Specific examples include the development of AI-based traffic management systems and advanced digital governance platforms. **The state is also actively developing electronic manufacturing zones in key cities like Lucknow, Gorakhpur, Varanasi, and Kanpur, aiming to boost industrial investment and create new employment opportunities for local youth.**

The extensive scale and specificity of the incentives provided under the GCC Policy 2024, coupled with direct financial allocations for projects like the AI City, clearly indicate that the Uttar Pradesh government is operating beyond a traditional regulatory role; it is acting as an active strategic investor and facilitator. This level of governmental intervention, characterized by direct financial subsidies on land, capital, interest, and even operational costs, significantly de-risks investments for IT companies. Furthermore, **the explicit job creation targets of 2 lakh high-paying jobs and the vision for a USD 1 trillion economy demonstrate a profound commitment to industrial transformation, making Lucknow an exceptionally attractive proposition that transcends mere market forces.**

The integration of residential areas within the Mega IT City and the emphasis on a "walk-to-work" model for the AI City signal a strategic move towards **creating self-sustaining IT ecosystems rather than isolated office parks.** Companies considering new locations look beyond just office space; they evaluate the overall quality of life and convenience for their employees. By planning for a mix of luxury and affordable housing, recreational parks, retail hubs, and various social amenities within the IT City, the government is proactively addressing potential challenges such as employee retention and enhancing the overall quality of life. These factors are critical for long-term growth in a competitive talent market. This holistic approach makes Lucknow more appealing than simply offering commercial space, **fostering a more stable and attractive environment for both employees and the companies themselves.**

The **explicit focus on developing an AI City and implementing initiatives like "AI Pragya"** to train citizens in cutting-edge technologies such as AI, machine learning, and cybersecurity demonstrates a forward-looking strategy. This approach aims to position Lucknow at the forefront of emerging technologies. While many cities focus on general IT development, Lucknow's specific emphasis on AI and related fields suggests a deep understanding of future industry trends. This specialization has the potential to attract companies working on next-generation solutions and to cultivate a niche talent pool. **This strategic foresight ensures that Lucknow's growth is about building robust capabilities in high-value, future-oriented domains, thereby establishing it as a more resilient and innovative technology hub.**



ECONOMIC ADVANTAGES

Cost-Effectiveness and Talent Pool Dynamics

Lucknow offers compelling economic advantages for IT companies, primarily through its competitive operational costs and a robust, accessible talent pool. **These factors are critical for businesses seeking to optimize their expenditures while maintaining high standards of quality and innovation.**



Competitive Operational Costs

Lucknow is widely recognized as a "cost-effective alternative to metro cities" such as Bangalore and Hyderabad, largely due to significantly lower operational costs. This cost advantage extends directly to the cost of living, which is substantially lower in Lucknow compared to major metropolitan centers like Bangalore, Delhi, and Mumbai. This directly translates into reduced expenses for businesses, particularly in managing their human resource and infrastructure costs.

For context, office rentals across India's top seven cities saw a year-on-year increase of 4-8% in 2024. Bengaluru recorded average monthly office rentals of \$1.1 per sq ft, Pune at \$1 per sq ft, Hyderabad at \$0.8 per sq ft, and Chennai also at \$0.8 per sq ft. Delhi registered \$0.9 per sq ft, and Mumbai stood at \$1.6 per sq ft. Lucknow's commercial real estate costs are in the range of \$0.30 to \$0.60 per sq.ft. per month **significantly more competitive, offering substantial savings for companies.**

Utility costs in Lucknow also contribute to its overall cost-effectiveness. For a standard 2-bedroom apartment, average monthly utility bills (including electricity, water, heating, cooling, and internet) range from ₹3,000 to ₹8,000, with electricity typically being the largest component. For commercial operations, electricity charges vary based on consumption: small shops (up to 2 kW) face a fixed charge of ₹220/month plus ₹7.00/unit; commercial establishments (2-5 kW) have a fixed charge of ₹300/month plus ₹8.50/unit; and those above 5 kW are charged a fixed ₹400/month plus ₹10.00/unit. These rates provide a clear benchmark for lower utility expenses compared to the higher costs typically associated with Tier-1 cities.



Robust and Accessible Talent Pool

Lucknow benefits from a "steady supply of highly skilled professionals" originating from its numerous local universities and institutions. Premier educational institutions such as IIT Kanpur, IIM Lucknow, and Dr. APJ Abdul Kalam Technical University (AKTU) are instrumental in producing top-tier IT professionals, contributing significantly to the talent pipeline.

The city is home to a wide array of technical institutes, including the Institute of Engineering and Technology (IET) Lucknow, Dr. APJ Abdul Kalam Technical University, Bhabha Institute of Science and Technology, and Saroj Institute of Technology and Management, all offering diverse engineering and technology programs. This robust educational infrastructure ensures a continuous influx of qualified graduates. Furthermore, Lucknow hosts many popular IT training and skill development institutes, such as Jetking Learning Centre, Hanumant Technology Training Institute, and Educadd Lucknow. These centers provide specialized coaching and high-quality courses, actively contributing to the upskilling and reskilling of the workforce, thereby making them industry-ready.

A compelling observation that underscores Lucknow's talent potential is the fact that **"nearly 35% of the tech workforce in Bengaluru hails from Uttar Pradesh"**. This highlights a significant natural talent pipeline originating from Uttar Pradesh, **which can now be directly tapped in Lucknow**, reducing the need for talent migration and potentially mitigating retention challenges often faced in saturated Tier-1 markets.

Strategic partnerships are further enhancing this talent ecosystem. Deloitte India, for instance, plans to collaborate with local academic institutions and training centers in Lucknow. The objective is to enhance employability through targeted skill development programs, certifications, and internships, thereby creating a steady pipeline of industry-ready talent. Similarly, Genpact emphasizes its commitment to creating long-term impact by providing access to career growth and upskilling in future-ready skills for the local workforce.

Placement statistics from premier Lucknow engineering institutes further validate the quality of talent. IET Lucknow, a government-funded institution, reports its students securing "enviable positions" in various organizations.

The observation that "nearly 35% of Bengaluru's tech workforce hails from Uttar Pradesh" points to a significant opportunity for companies to reverse a historical trend.

Traditionally, a large segment of skilled talent from Tier-2 and Tier-3 regions migrated to Tier-1 cities in pursuit of better job opportunities, leading to a phenomenon often termed "brain drain." By establishing operations in Lucknow, IT companies can now attract this talent back to their home state or retain them within Uttar Pradesh. This not only reduces relocation costs for employees but also has the potential to improve retention rates for companies, as a workforce rooted in their home region may exhibit lower attrition compared to the highly competitive and transient environments of Tier-1 markets. This transforms a historical challenge of talent migration into a strategic advantage for talent retention and attraction.



While lower real estate and utility costs are evident advantages, the "cost-effective talent pool" represents a more profound and sustainable benefit. Real estate and utility expenses can fluctuate, but a consistently lower cost of living in a Tier-2 city like Lucknow directly translates into lower salary expectations for employees compared to their counterparts in Tier-1 cities. This allows companies to manage their largest operational expense—human capital—with greater efficiency over the long term. This is not merely about initial savings on infrastructure; it signifies a fundamental, ongoing reduction in the overall cost of doing business, making Lucknow inherently more profitable for certain types of operations and a more attractive destination for sustainable growth.

The "AI Pragma" initiative and the planned integration of academic institutions within the AI City illustrate a strategic governmental effort to proactively shape the talent landscape to precisely meet future industry demands. It is insufficient to merely have a large number of universities; the quality and relevance of the graduates they produce are paramount. By committing to train ten lakh citizens in critical, cutting-edge fields such as AI, machine learning, and cybersecurity, and by fostering deep collaboration between industry and academia, the government is actively ensuring that the talent pool is not only substantial but also highly skilled in the most advanced technologies. This proactive approach significantly reduces the burden on companies for extensive internal upskilling and ensures a steady supply of future-ready professionals, directly addressing the challenge of a "limited skilled workforce in emerging IT domains" previously identified.



City	Average Monthly Office Rental (per sq. ft.)	Year of Data
Bengaluru	\$1.1	2024
Hyderabad	\$0.8	2024
Pune	\$1.0	2024
Chennai	\$0.8	2024
Delhi	\$0.9	2024
Mumbai	\$1.6	2024
Lucknow	\$0.5	2024

Comparative Commercial Real Estate Costs (Average Monthly Office Rental per sq. ft.)

Comparative Residential Real Estate Costs (Average Monthly Rent)

City	Average Monthly Rent Range (INR)	Type of Accommodation
Lucknow	₹10,000 – ₹25,000	2BHK Apartment
Bengaluru	₹20,000 – ₹50,000	2BHK Apartment
Hyderabad	₹12,000 – ₹50,000	2BHK Apartment
Pune	₹25,000 – ₹45,000	2BHK Apartment
Chennai	₹15,000 – ₹50,000	2BHK Apartment
Delhi	₹22,000 – ₹50,000	2BHK Apartment
Mumbai	₹30,000 – ₹60,000	2BHK Apartment

Illustrative Commercial Electricity Charges in Lucknow

Category	Fixed Charge (per month)	Energy Charge (per unit)	Year of Data
Small shops (up to 2 kW)	₹220	₹7.00	2024
Commercial (2-5 kW)	₹300	₹8.50	2024
Commercial (Above 5 kW)	₹400	₹10.00	2024



Key Technical and Skill Development Institutes in Lucknow

Institute Name	Key Programs/Specializations	Affiliation
IET-Institute of Engineering and Technology, Lucknow	B.Tech, Engineering, Technology	Dr APJ Abdul Kalam Technical University
Dr APJ Abdul Kalam Technical University (AKTU)	Engineering, Technology (various specializations)	State University
BIST-Bhabha Institute of Science and Technology	BE, B.Tech	Uttar Pradesh Technical University
SITM-Saroj Institute of Technology and Management	ME, M.Tech, B.Tech (Agricultural, Biomedical, Electrical)	Dr A P J Abdul Kalam Technical University
ITM-Institute For Technology and Management	MBA	Private Institute
LIET-Lucknow Institute of Engineering and Technology	MBA	Dr APJ Abdul Kalam Technical University
LMITM-Lucknow Model Institute of Technology and Management	BE, B.Tech	Dr APJ Abdul Kalam Technical University
BBDNITM-Babu Banrasi Das National Institute Of Technology And Management	BE, B.Tech	Dr APJ Abdul Kalam Technical University
Jetking Learning Centre	IT Training, Specialized Coaching	Private Training Institute
Hanumant Technology Training Institute	IT Training, Software Training	Private Training Institute
Educadd Lucknow	IT Training, Design	Private Training Institute
Codevirus Security	Cyber Security	Private Training Institute
Pradhan Mantri Kaushal Kendra	Skill Development Programs	Government Initiative



Infrastructure and Connectivity

Building a Modern Ecosystem

Lucknow's strategic importance as an emerging IT hub is significantly bolstered by its rapidly developing and advanced infrastructure and connectivity. These foundational elements are crucial for supporting a thriving technology ecosystem and enhancing the city's appeal to businesses and talent alike.



Advanced Transportation Network

The city boasts a robust and expanding transportation network that facilitates both national and international connectivity. The Chaudhary Charan Singh International Airport in Lucknow has recently undergone a significant upgrade with the inauguration of Terminal 3 in March 2024. This **expansion has substantially increased the airport's capacity to over 13 million passengers annually**, firmly positioning Lucknow as a key regional air hub. This enhanced air connectivity is vital for business travel, client engagement, and the seamless mobility of a global workforce.

Lucknow is **also exceptionally well-connected by an extensive network of expressways**. The Purvanchal Expressway, spanning 340.8 kilometers, links Lucknow to Ghazipur, significantly boosting connectivity across eastern Uttar Pradesh. Furthermore, the **upcoming Awadh Expressway, a 63-kilometer corridor connecting Lucknow to Kanpur, is slated for completion by June 2025**. This project is expected to catalyze inter-city movement and economic exchange, fostering greater regional integration. **To alleviate urban traffic congestion and improve intra-city mobility, Lucknow has developed a 150-meter-wide Outer Ring Road and a 28.6-kilometer Green Corridor**. The Outer Ring Road, extending approximately 104 kilometers, is particularly crucial as it connects key national highways, including the Lucknow-Varanasi, Lucknow-Kanpur, Lucknow-Sultanpur, and Lucknow-Ayodhya corridors, creating seamless links to major cities throughout Uttar Pradesh.

Within the city, the Lucknow Metro provides efficient urban mobility. Its operational North-South corridor covers 22.87 kilometers and features 21 stations, significantly easing daily commutes for residents and employees. This public transportation system is a critical component of a modern urban center, supporting the "walk-to-work" models envisioned for the new IT developments.



Urban and Regional Development

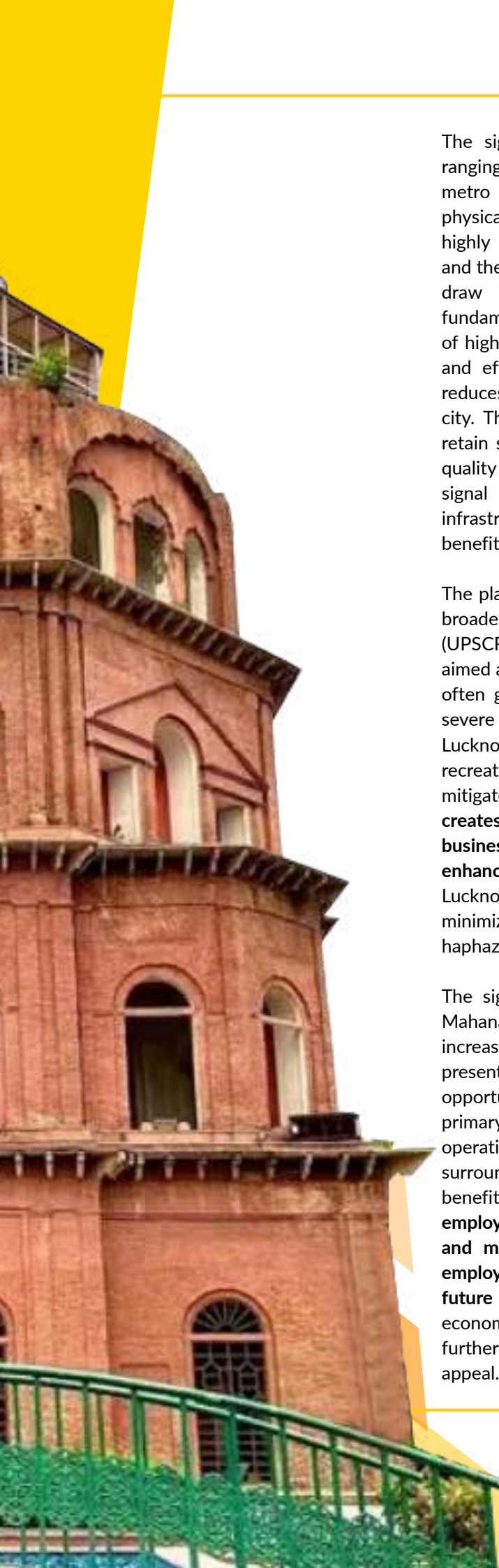
Beyond transportation, Lucknow is undergoing extensive urban and regional development, creating a holistic environment conducive to business and living. **The AI City project, for instance, follows the strategic push for Aerocity, a massive 1,500-acre development initiated last year.** Aerocity is designed to house commercial offices, seven-star hotels, parks, and a convention center. These large-scale, integrated developments significantly enhance the overall urban fabric, making the city more attractive for both businesses and their workforce.

A broader regional development framework is provided by the newly enacted Uttar Pradesh State Capital Region and Other Region Development Authority Act, 2024. This act will guide the systematic development of a region **encompassing six districts—Lucknow, Hardoi, Sitapur, Unnao, Rae Bareli, and Barabanki—spanning a total area of 27,826 square kilometers.** This comprehensive regional planning aims to **facilitate smooth movement for commuters and commercial transporters by allowing them to bypass congested urban areas, thereby improving logistical efficiency across the state capital region.**

These infrastructure developments have had a profound and positive impact on Lucknow's real estate sector. The improved connectivity through expressways, metro lines, and arterial roads has directly led to an increased demand for properties across the city. For example, the **Mahanagar area witnessed a staggering 119.4% increase in price per square foot between March 2019 and March 2024,** reflecting its rising prominence. Similarly, emerging micro-markets like Gomti Nagar Extension are experiencing significant growth in land prices, with average land prices for plotted residential developments around ₹7500 per square foot, representing approximately a 1.7-fold increase over the past decade. This trend is projected to continue, with further appreciation expected.

The robust ecosystem in Lucknow, encompassing an international airport, extensive expressways, and a growing metro network, is complemented by the city's vibrant culture and renowned cuisine. This comprehensive connectivity network and appealing lifestyle elements make Lucknow an ideal location for tech firms seeking a well-rounded environment for their operations and employees.





The significant investment in diverse infrastructure projects—ranging from airport expansions and extensive expressways to metro lines and dedicated IT and AI cities—is not merely about physical development. It represents a strategic effort to create a highly attractive and functional ecosystem for both businesses and their workforce. While policies and financial incentives initially draw interest, sustained growth and operational efficiency fundamentally depend on robust infrastructure. The development of high-capacity airport terminals, comprehensive road networks, and efficient urban transit systems directly improves logistics, reduces commute times, and enhances the overall liveability of the city. This, in turn, makes it easier for companies to attract and retain skilled talent, as employees value convenience and a high quality of life. For investors, these infrastructural improvements signal an efficient operational environment. Thus, the infrastructure acts as a foundational magnet, reinforcing the benefits offered by governmental policies.

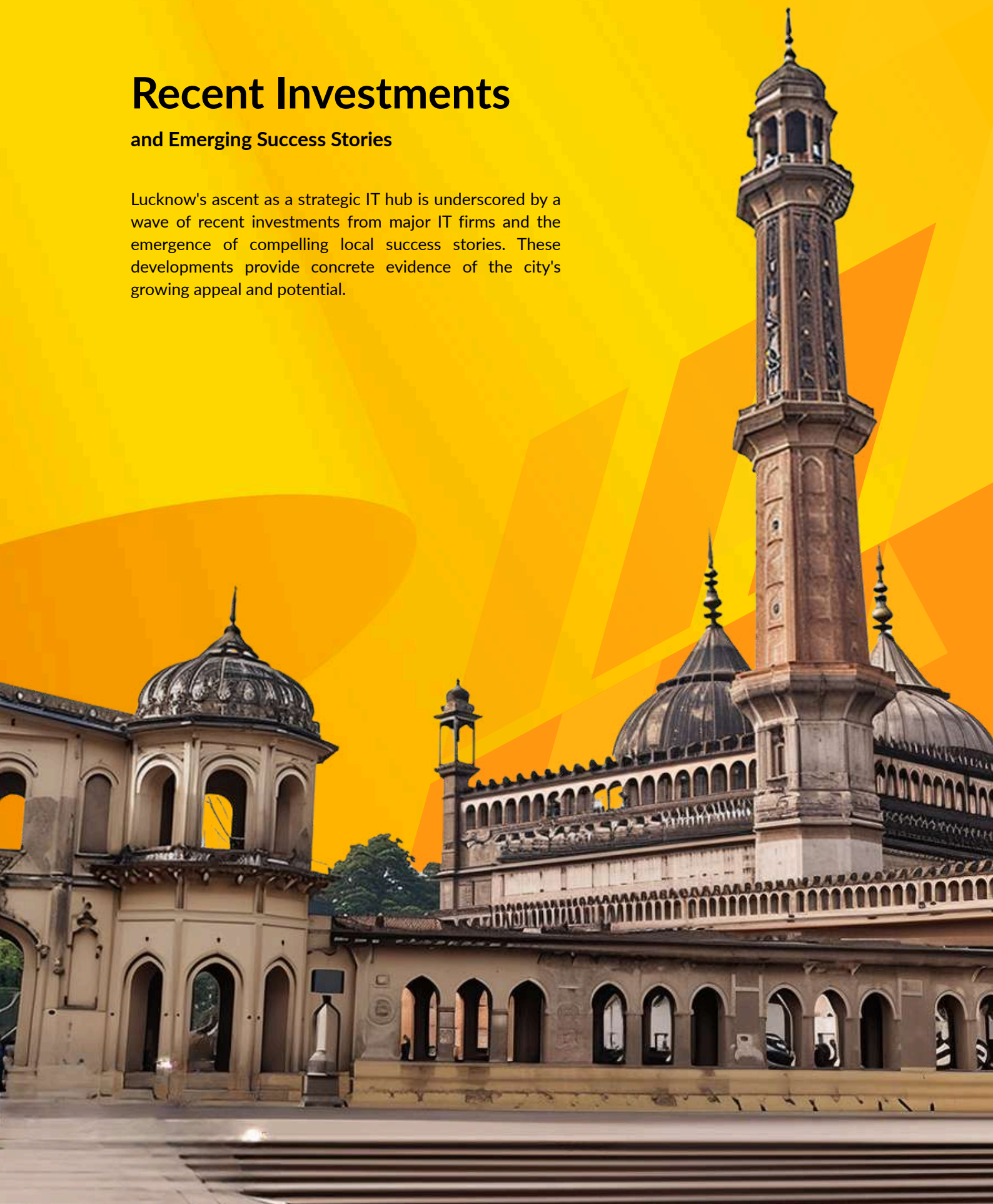
The planning of residential areas within the Mega IT City and the broader framework of the Uttar Pradesh State Capital Region (UPSCR) indicates a strategic, integrated urban planning approach aimed at fostering sustainable growth. Many rapidly growing cities often grapple with challenges such as unplanned urban sprawl, severe traffic congestion, and inadequate social infrastructure. Lucknow's approach, which integrates living, working, and recreational spaces within meticulously planned zones, seeks to mitigate these common issues. **This foresight in urban planning creates a more efficient and desirable environment for both businesses and their employees, reducing operational friction and enhancing long-term sustainability.** Consequently, this makes Lucknow a more stable and predictable investment destination, minimizing the unforeseen challenges that can arise from haphazard development.

The significant appreciation in property values, exemplified by Mahanagar's 119.4% increase and Gomti Nagar Extension's 1.7x increase in land prices resulting from infrastructure development, presents a secondary, yet often overlooked, investment opportunity for IT companies or their employees. While the primary focus for IT companies remains their core business operations, the substantial appreciation of real estate in areas surrounding their operations can yield considerable financial benefits. **This potential for property value growth can attract employees who are looking for long-term residential investments and may also encourage companies to consider investing in employee housing solutions or even commercial property for future expansion.** This creates a virtuous cycle where the city's economic growth fuels real estate value, which in turn attracts further investment and talent, reinforcing Lucknow's overall appeal.

Recent Investments

and Emerging Success Stories

Lucknow's ascent as a strategic IT hub is underscored by a wave of recent investments from major IT firms and the emergence of compelling local success stories. These developments provide concrete evidence of the city's growing appeal and potential.



Case Studies of Major IT Firms Establishing Significant Footprints

The past few months have witnessed a notable surge in interest from national and multinational technology companies, with several already commencing operations in Lucknow. Over the last six months alone, at least four leading IT firms have established a presence in the city.

Deloitte India has launched a new center in Lucknow, a move projected to generate between 800 and 1,000 direct and indirect employment opportunities in its initial phase, with substantial expansion plans over the next five years.

Genpact, another global player, has also set up operations in Lucknow. Piyush Mehta, CHRO and Country Manager for Genpact India, characterized Lucknow as a **"strategic market"** with **"untapped potential."** Genpact's objective extends beyond merely establishing an office; it aims to create a lasting impact by providing access to career growth and upskilling opportunities in future-ready skills for the local workforce.

IBM has announced plans to establish a Software Lab in Lucknow, with a strategic focus on advancing Generative and agentic AI technologies. This lab is designed to develop AI-powered solutions utilizing Large Language Models (LLMs) and Small Language Models (SLMs) to address the evolving needs of businesses both in India and globally. Sandip Patel, IBM India and South Asia Managing Director, described this expansion as a "significant milestone" in IBM's ongoing commitment to 'Innovate in India' for both the domestic and international markets.

In a critical development for digital infrastructure, **Sify Infinit Spaces Limited** launched **its first AI-Hub Data Center project at the HCL IT City campus** in Lucknow. This facility is expected to be commissioned in June 2025, providing essential data infrastructure to support the growing IT and AI operations in the region.

Beyond these recent entrants, several other major IT players have already established a significant presence in Lucknow, reinforcing its status as a growing hub. These include Infosys, TCS, HCL, Amazon, Wipro, Capgemini, Tech Mahindra, Cognizant Technology Solutions, Persistent Systems, Mphasis, and ITC Infotech. Their long-standing or expanding operations demonstrate a sustained confidence in Lucknow's ecosystem.



Overview of Local IT Companies and Their Contributions

Lucknow's IT ecosystem is not solely reliant on large multinational corporations; it also boasts a vibrant community of local IT companies and startups. **The city is home to numerous software development companies and IT service providers that offer a wide array of services, including web development, mobile app development, and IT consulting. These local firms cater to both domestic and international clients, contributing significantly to the city's overall IT capabilities.**

Examples of these local players include **Skyview Smart Solution, Coterie Software Solutions, Mind You Infotech Pvt. Ltd., Squareit Solutions, SigmaIT Software Designers, Websofy Software Private Limited, CEDCOSS Technologies, and Nagarro.** These companies form the backbone of the local IT industry, providing diverse services and fostering a dynamic, competitive environment.

The **Software Technology Park of India (STPI)** in Lucknow plays a crucial role in nurturing this local ecosystem. It actively supports startups by providing a **vibrant platform and comprehensive 360-degree support, fostering entrepreneurship, innovation, and knowledge exchange.** STPI's mission includes helping startups create world-class IT and Electronic System Design and Manufacturing (ESDM) products indigenously, thereby strengthening the local innovation base.



Government's Ambitious Investment Targets

The Uttar Pradesh government's commitment to the IT sector is further evidenced by its ambitious investment targets. **The state is actively attracting IT investments worth over ₹20,000 crores, signaling a substantial financial commitment to the sector's growth.**

Beyond IT services, the government is targeting private sector investments **totaling ₹70,000 crores in electronics manufacturing and data centers.** This includes an **expected ₹40,000 crore investment under the UP Electronic Manufacturing Policy (UPEMP) and ₹30,000 crores under the UP Data Centre Policy 2021.** These policies **aim to establish 8 private data center parks with a total capacity of 900 megawatts, providing critical infrastructure for the digital economy.**

Furthermore, Uttar Pradesh has garnered significant investment in semiconductor projects. **More than ₹32,000 crores have been committed to projects near the under-construction Jewar International Airport, including Tarq Semiconductors (₹28,440 crore) and Vama Sundari Investments (₹3,706 crore) in collaboration with Foxconn.** While these projects are not directly in Lucknow, they signify a broader state-level commitment to high-tech manufacturing, which creates a highly favorable and interconnected ecosystem for the IT sector across the region.

The recent entry and explicit statements from global players like Deloitte and Genpact serve as a powerful validation of Lucknow's potential, **transforming it from a speculative interest to a destination with concrete commitment.** When industry giants, equipped with extensive market research capabilities and rigorous due diligence processes, choose to invest and expand in a new location, it signals a robust and validated business case. Their public declarations about Lucknow's "untapped potential" and its status as a "strategic market" are not merely corporate rhetoric; they reflect thorough assessments of the city's viability. **This provides a strong vote of confidence for other companies, particularly smaller or mid-sized Indian IT firms, to consider Lucknow, thereby creating a "bandwagon effect" that is likely to accelerate the hub's overall growth and maturation.**

IBM's strategic decision to establish an AI-focused Software Lab in Lucknow indicates that **the city is evolving beyond a purely "services delivery" hub. This move suggests that Lucknow is increasingly capable of supporting advanced research and development (R&D) and product innovation in cutting-edge technologies.** Many Tier-2 cities initially attract IT companies primarily for cost-effective basic IT services or Business Process Outsourcing (BPO) operations. However, IBM's investment in AI, Large Language Models (LLMs), and Small Language Models (SLMs) development signifies that Lucknow's talent pool and broader ecosystem are sufficiently mature to support complex, high-value-added activities. This diversification of IT offerings makes Lucknow a more comprehensive and attractive destination for a wider spectrum of IT companies, including those dedicated to innovation and the creation of intellectual property.

The ambitious investment targets in electronics manufacturing and data centers highlight a synergistic growth strategy where the development of the IT sector is both supported by and, in turn, supports allied high-tech industries. A thriving IT sector fundamentally requires robust digital infrastructure, such as high-capacity data centers, and a strong electronics manufacturing base to provide the necessary hardware components. **The government's multi-pronged investment strategy ensures that Lucknow and the broader Uttar Pradesh region are building a comprehensive digital economy.** This approach fosters a more resilient and self-sufficient ecosystem, reducing reliance on external infrastructure and supply chains. Furthermore, it offers a broader range of opportunities for IT companies to collaborate with local hardware manufacturers and data service providers, creating an integrated and mutually reinforcing industrial landscape.

Strategic Outlook

Opportunities and Mitigating Challenges

Lucknow's strategic positioning for Indian IT companies is characterized by a compelling array of opportunities, balanced by certain challenges that require proactive mitigation. Understanding both aspects is crucial for informed strategic planning.

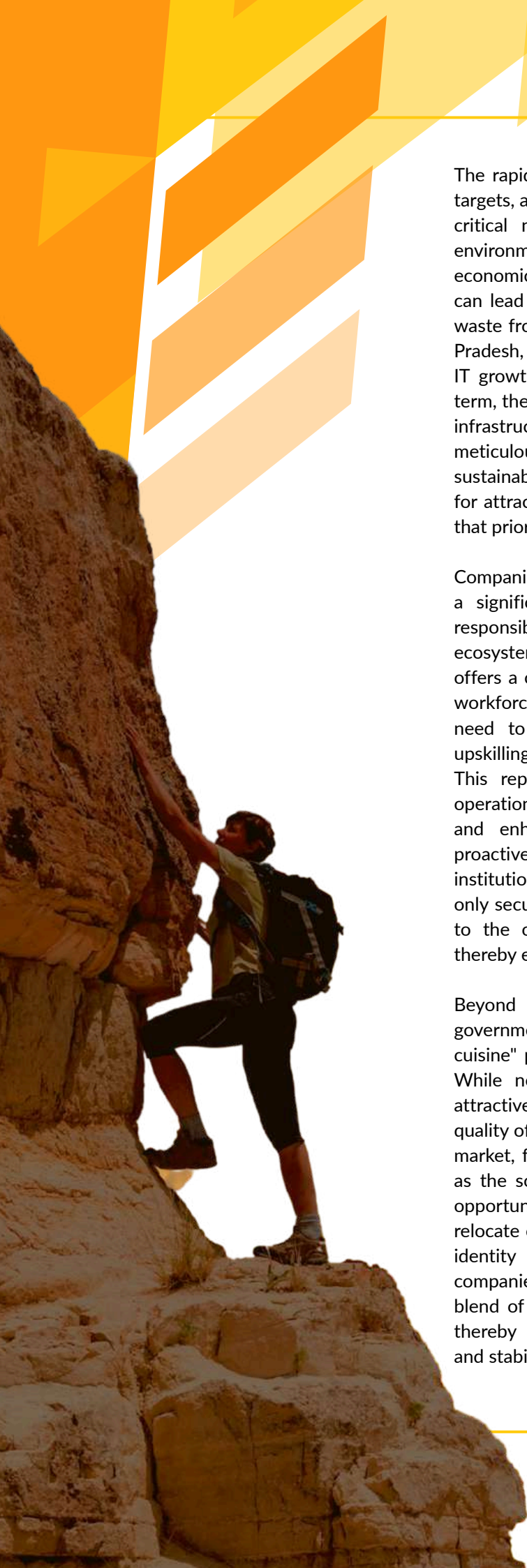


Opportunities

The primary opportunities for Indian IT companies in Lucknow stem from a combination of favorable policies, a growing talent pool, and significant infrastructure development:

- **Capitalizing on Government Incentives:** The comprehensive Global Capability Centres (GCC) Policy 2024 offers substantial financial benefits that directly reduce the cost of doing business. These include significant subsidies on land (30-50%), a full 100% stamp duty exemption, a 25% capital subsidy (up to ₹10-25 crore), a 5% interest subsidy, and a 20% operational subsidy (up to ₹40-80 crore). Additionally, payroll support of up to ₹1.8 lakh per employee is available. These incentives collectively reduce both initial setup costs and ongoing operational expenditures, making Lucknow an exceptionally attractive investment destination.
- **Tapping into a Vast and Affordable Talent Pool:** Lucknow provides access to a large and readily available pool of skilled professionals, nurtured by numerous local universities and training institutes. The observation that approximately 35% of Bengaluru's tech workforce originates from Uttar Pradesh highlights a significant, untapped talent base that can be attracted back to their home state or retained locally. This talent often comes with lower salary expectations compared to Tier-1 cities due to a significantly lower cost of living, offering a substantial cost advantage for companies.
- **Leveraging Advanced Infrastructure:** The ongoing development of dedicated IT parks, including the expansive Mega IT City spanning 2858.59 acres, and India's first AI City covering 70 acres, provides state-of-the-art facilities and a conducive environment for IT operations. Enhanced connectivity through the expanded international airport, a network of expressways, and a growing metro system further improves logistics, reduces commute times, and facilitates employee mobility.
- **Participating in the Emerging AI Ecosystem:** The dedicated AI City project and government initiatives like 'AI Pragma,' which aims to train ten lakh citizens in cutting-edge technologies, position Lucknow as a burgeoning hub for Artificial Intelligence, Machine Learning, and data analytics. This offers unique opportunities for companies to engage in advanced technology development, research, and innovation, as exemplified by IBM's planned AI-focused Software Lab.
- **Cascading Economic Effects:** The establishment of large IT companies in Lucknow is expected to create a significant ripple effect across the local economy. This will churn the local job market, generating direct and indirect employment opportunities across various sectors. Furthermore, it is anticipated to boost allied industries such as real estate, hospitality, education, and transportation, fostering broader economic growth and development.





The rapid pace of development and the ambitious job creation targets, aiming for 2 lakh high-paying jobs in five years, present a critical need to balance aggressive growth with long-term environmental sustainability and urban liveability. While economic expansion is highly desirable, unchecked development can lead to environmental concerns, such as the issue of toxic waste from tanneries mentioned as a general challenge in Uttar Pradesh, and can strain existing urban resources. For Lucknow's IT growth to be truly strategic and sustainable over the long term, the government and investing companies must ensure that infrastructural development and industrial expansion are meticulously coupled with robust environmental planning and sustainable urban management practices. This is a crucial factor for attracting and retaining a modern, globally-aware workforce that prioritizes quality of life and environmental responsibility.

Companies entering Lucknow now have the opportunity to gain a significant first-mover advantage, but this also entails a responsibility to actively contribute to the maturation of the ecosystem, particularly in developing niche skills. While Lucknow offers a cost-effective talent pool, the identified "limited skilled workforce in emerging IT domains" suggests that companies may need to invest more substantially in internal training and upskilling programs than they would in a fully mature Tier-1 hub. This represents a strategic trade-off: the benefit of lower operational costs comes with the imperative to actively shape and enhance the local talent landscape. Companies that proactively engage with local academic and skill development institutions, as Deloitte and Genpact are already doing, will not only secure their talent pipeline but also contribute significantly to the overall growth and sophistication of the ecosystem, thereby establishing a more sustainable competitive advantage.

Beyond the tangible aspects of physical infrastructure and governmental policies, Lucknow's "vibrant culture and renowned cuisine" play a subtle yet significant role in its strategic appeal. While not a direct economic or policy factor, the cultural attractiveness of a city profoundly contributes to the overall quality of life for employees. In a highly competitive global talent market, factors extending beyond salary and office space, such as the social environment, cultural amenities, and recreational opportunities, heavily influence an individual's decision to relocate or remain in a particular city. Lucknow's unique cultural identity can serve as a powerful differentiator, helping companies attract and retain talent who seek a harmonious blend of professional opportunity and a rich, fulfilling lifestyle, thereby indirectly but powerfully supporting business growth and stability.

Conclusion and Recommendations

for Indian IT Companies

Lucknow is unequivocally emerging as a compelling strategic IT hub in India, presenting a multifaceted value proposition for Indian IT companies. Its transformation is driven by a confluence of factors that position it as a viable and attractive alternative to traditional Tier-1 cities.



Bottomline

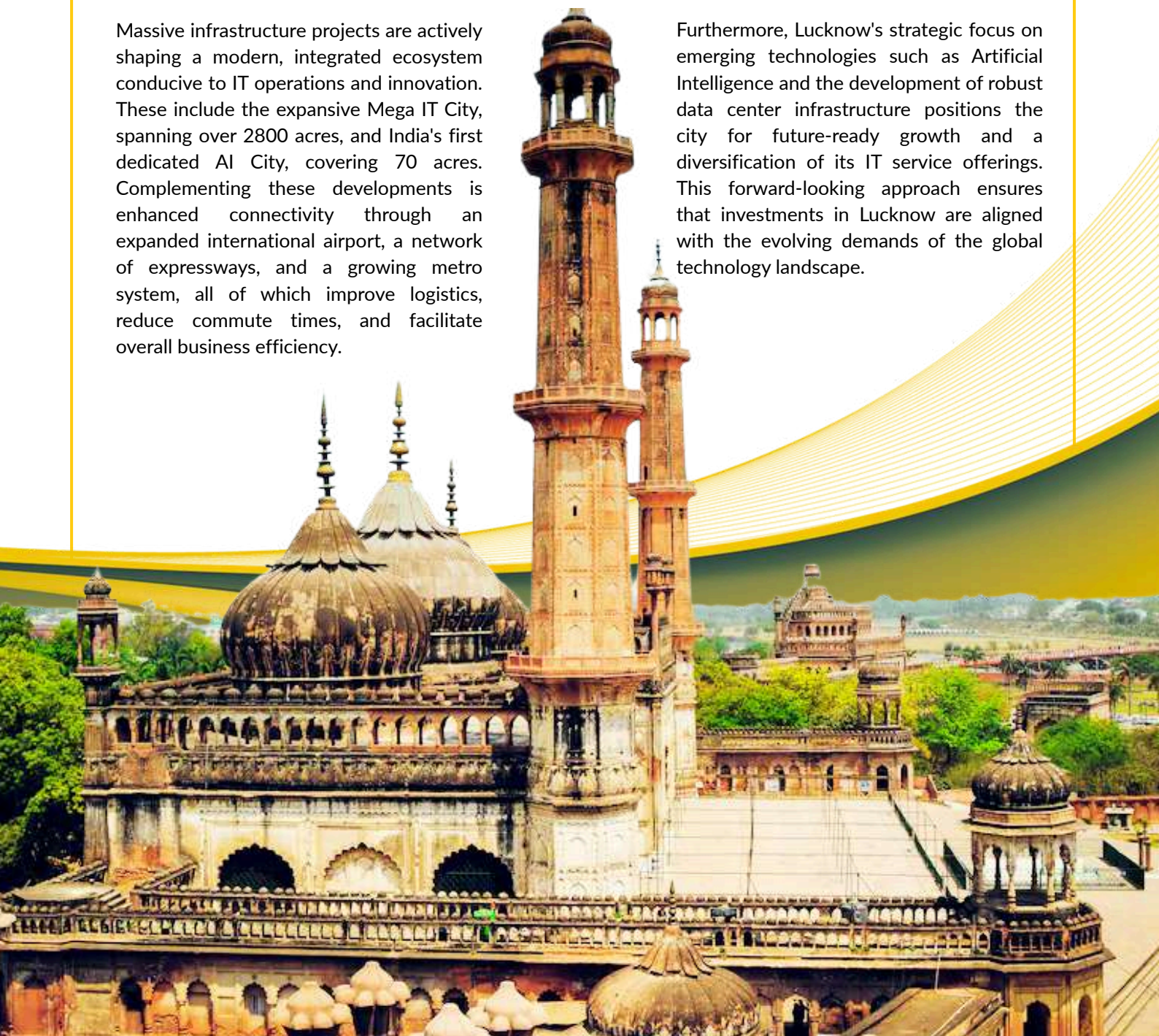
Lucknow has undergone a remarkable transition from a developing Tier-2 city to a strategically important IT destination. This evolution is validated by the increasing presence and expansion of major Indian and multinational IT firms, including industry leaders like TCS, HCL, Infosys, IBM, Deloitte, and Genpact.

The Uttar Pradesh government's proactive and comprehensive policy framework, particularly the Global Capability Centres (GCC) Policy 2024, offers an unparalleled suite of financial incentives. These include substantial subsidies on land (30-50%), a full 100% stamp duty exemption, a 25% capital subsidy, a 20% operational subsidy, and direct payroll support. These incentives are designed to significantly reduce both the initial investment and ongoing operational costs, thereby de-risking ventures and making Lucknow a highly attractive investment destination.

The city boasts a large, cost-effective, and increasingly skilled talent pool. This is supported by a robust network of numerous technical institutions and targeted government initiatives like 'AI Pragya,' which aims to train a significant portion of the workforce in cutting-edge technologies. The notable observation that nearly 35% of Bengaluru's tech workforce originates from Uttar Pradesh underscores a readily available talent base that can be attracted or retained locally, often at a lower overall cost of living and, consequently, lower salary expectations compared to Tier-1 cities.

Massive infrastructure projects are actively shaping a modern, integrated ecosystem conducive to IT operations and innovation. These include the expansive Mega IT City, spanning over 2800 acres, and India's first dedicated AI City, covering 70 acres. Complementing these developments is enhanced connectivity through an expanded international airport, a network of expressways, and a growing metro system, all of which improve logistics, reduce commute times, and facilitate overall business efficiency.

Furthermore, Lucknow's strategic focus on emerging technologies such as Artificial Intelligence and the development of robust data center infrastructure positions the city for future-ready growth and a diversification of its IT service offerings. This forward-looking approach ensures that investments in Lucknow are aligned with the evolving demands of the global technology landscape.



Actionable Recommendations for Indian IT Companies

Based on this comprehensive analysis, the following actionable recommendations are presented for Indian IT companies considering Lucknow as a strategic location:

- **Conduct Detailed Feasibility Studies for Expansion:** Companies should undertake thorough feasibility studies to precisely assess the specific cost savings and talent availability tailored to their particular operational needs in Lucknow. This should involve a detailed analysis of the incentive structures offered under the GCC Policy to maximize financial benefits.
- **Prioritize Early Entry to Capitalize on Incentives:** Given the ambitious targets and generous incentives currently offered by the Uttar Pradesh government, early movers stand to secure prime locations and avail maximum benefits. Entering the market early can provide a significant competitive edge before the ecosystem fully matures and incentives potentially become less pronounced.
- **Invest in Local Talent Development:** Beyond direct recruitment, companies are advised to actively engage with local academic and skill development institutions, such as IET Lucknow, AKTU, and various IT training centers. This engagement can involve co-creating curricula, offering internships, and conducting specialized training programs. This proactive approach will ensure a steady supply of industry-ready talent, particularly in niche and emerging technologies like AI and cybersecurity, aligning with the government's skill development initiatives.
- **Explore AI and Data Center Opportunities:** Companies specializing in Artificial Intelligence, Machine Learning, data analytics, or those requiring significant data center infrastructure should specifically evaluate Lucknow's AI City project and the state's broader data center policy. These areas are receiving dedicated government support and substantial investment, offering unique collaborative and growth opportunities.
- **Consider a Hub-and-Spoke Operational Model:** For larger organizations, establishing Lucknow as a strategic Tier-2 hub can effectively complement existing Tier-1 operations. This model allows for significant cost optimization, effective risk diversification by spreading operations, and access to a fresh talent pool, while still maintaining a strong presence in established markets for high-value client engagement and specialized services.
- **Engage Proactively with Government and Industry Bodies:** Companies should foster proactive engagement with key governmental entities, including the Uttar Pradesh Department of IT & Electronics and UPDESCO, as well as industry bodies like STPI and Nasscom. Such engagement can facilitate navigation of policies, provide opportunities to influence future initiatives, and offer deeper insights into the evolving local ecosystem.
- **Leverage Real Estate Appreciation Potential:** Given the projected appreciation in property values driven by the extensive infrastructural development within and around the planned IT and AI cities, companies considering a long-term presence might explore strategic real estate investments. This can provide a secondary financial benefit and support future expansion needs.



Inductus **GCC** Service Models

———— *India's Leading GCC Enabler* ————

BOT (Build-Operate-Transfer)

A structured pathway to establishing your GCC with minimized risk and maximum efficiency. We **build** and **operationalize** your center, ensuring seamless performance before **transferring full ownership** to you—equipping your business with a mature, self-sustaining capability.

COPO (Company-Owned, Partner-Operated)

Maintain **full ownership** while leveraging Inductus' operational expertise. This model enables you to establish a GCC with **absolute control over intellectual assets (IP), agility, and scalability** while we manage day-to-day operations, **ensuring zero liability, compliance, and maximum efficiency**. Additionally, a **Zero Capex Model with Digital Twin or a Mirror Like Operational Structure** with superior process excellence.

FLEXI (Adaptive & Custom GCC Solutions)

Beyond predefined structures, **Flexi** is a **bespoke model offering absolute customization and adaptability**.

It molds itself around your unique business prerequisites, evolving seamlessly with your vision. **This isn't just a service—it's an agile, high-impact partnership crafted to maximize your success.**

Proud recipient of **Times Power Icons Award**
for being one of the **Leading GCC Enabler of India**

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Inductus ensures that each model is executed with precision, innovation, and strategic foresight—helping you unlock the full potential of your GCC in India.

Our deep expertise in GCCs, coupled with a strong network of industry partnerships and policy-level advisory, positions us as a trusted partner for driving transformational outcomes.

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COPO & Digital Twin Integrated Service Model

A study based proposition to build a global standard GCC mechanism for Large & Mid-sized Corporations



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"In a world full of rapid tech & process disruptions, global corporations that invest in innovation-led R&D don't just survive—they lead. Innovation is the key to staying relevant, cost-competitive, and future-ready in an ever-evolving marketplace..."

— Alouk Kumar - CEO, Inductus —

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Inductus GCC's Digital Twin and COPO (Company-Owned, Partner-Operated) Service Model creates a seamless, future-ready operational framework for global businesses setting up GCCs in India. The Digital Twin Process ensures real-time collaboration, decision-making, and operational efficiency by replicating physical systems in a virtual environment, enabling synchronized execution across multiple time zones. Meanwhile, the COPO Model allows MNCs to retain full ownership and strategic control while leveraging Inductus' expertise for execution, compliance, and scalability.

This hybrid approach optimizes costs, mitigates risks, and accelerates GCC growth, ensuring innovation-driven operations with minimal liabilities and maximum efficiency.



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