Beyond the Metros

How Is Kerala Reshaping **India's Global Capability Center Landscape?**



EXECUTIVE SUMMARY

Kerala has quietly assembled the ingredients of a first-tier des**tination for global capability centers: a tech-ready talent base that has grown 172% in five years, delivered at a cost structure 8–10% below Bengaluru,** and underwritten by **industrial power priced below ₹6.5 per unit**. This is not a discount play; it is a genuine arbitrage between talent quality and talent cost, and it is compounding rather than transient. Over half of all hires now flow through direct campus pipelines, and **Tier-II attrition runs 10–15% below that of Tier-I metros**, giving conglomerates a rare asset in this industry: workforce stability at scale.

The state has paired this talent depth with hard infrastructure and unmistakable policy intent. More than **40 global capability centers, including IBM, Accenture, EY, and Allianz,** are already anchored here, with government targets to triple that base toward **120–200 by 2030.** This sits alongside **3 crore sq. ft. of planned IT space,** a dedicated **GCC policy** offering single-window clearance, and a **#1 national ranking on the SDG Index,** which directly supports liveability and employee retention.

Kerala's jump from a fast mover to a top achiever in ease of doing business, **a reform completion score rising from 91% to 99.3% in a single year,** signals a government moving from intent to execution, the one variable that most determines whether early movers become long-term anchors.



Why Kerala?

01

A structural cost advantage:

Sub-₹35/sq. ft. warm-shell real estate; power priced below ₹6.5/unit; and an operating cost base materially lower than Bengaluru, Chennai, or the NCR, without a corresponding compromise on talent quality.

02

Infrastructure built for scale:

Technopark, Infopark, and Cyberpark already host 400+ companies with 138+ acres of vacant land ready for development, supported by six-lane highway connectivity, the Vizhinjam deep-water port, and India's first AI-native township.

03

A government in execution mode:

Cabinet-approved IT Policy 2026, a dedicated GCC facilitation framework, and capex/opex incentives signal Kerala is competing for investment with the seriousness of a state that intends to win it.

04

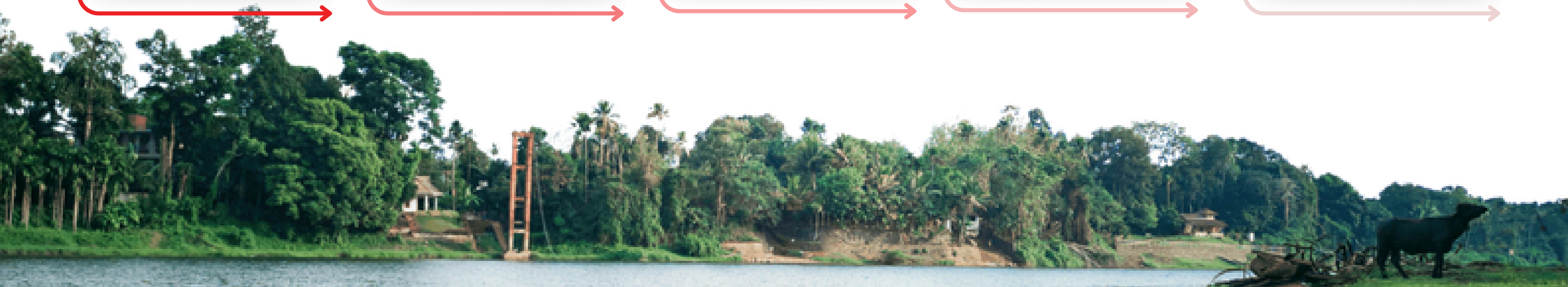
Talent depth and stability:

The highest density of tech-ready professionals in India, sustained by tens of thousands of engineering graduates annually and reinforced by a 52% share of returning professionals from the UAE alone, is a workforce that is both deep and loyal.

05

A liveability dividend:

Ranked at number 1 nationally on the SDG Index, Kerala's controlled urbanization, global schools, and advanced healthcare are a genuine retention lever, the quiet advantage that keeps senior talent from leaving.



Kerala's LEGACY & HOMECOMING

Kerala is one of India's most globally fluent societies due to centuries of trade, scholarship, and diaspora. A generation of professionals, more than half of whom are from the **United Arab Emirates,** is returning home to start their next chapter on their own soil, reversing what was once outward migration and turning it into an inflow.

Key Takeaways

METRIC	WHY IT MATTERS
Talent Growth	172% growth in professional talent pool over five years; ranked 9th nationally
Cost Advantage	8–10% below Bengaluru; power below ₹6.5/unit; warm shell from ₹30–35/sq. ft.
GCC Momentum	40+ GCCs today, targeted to reach 120–200 by 2030
IT Exports	Approaching ₹100,000 crore, up from ₹34,123 crore in 2016
Ease of Doing Business	Top Achiever status: reform score up from 91% to 99.3% in one year
Quality of Life	#1 on India's SDG Index; controlled urbanisation supports retention
Diaspora Return	52% of returning professionals arrive from the UAE alone

What sets Kerala apart is coherence. Most emerging destinations offer conglomerates one advantage and ask them to compromise on others: cheaper cities with weaker infrastructure, better talent with higher attrition, and faster approvals with lower liveability.

Kerala's positioning breaks that pattern. Its economics work because its workforce doesn't churn. Its infrastructure scales because government execution has kept pace with ambition. Its livability isn't a lifestyle footnote; it's the mechanism behind its retention advantage. Each pillar reinforces the others, and that compounding effect is what separates a genuine destination from a temporary arbitrage play.



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Chapter 01

Introduction & Context

1.1 Purpose of the Report

The report evaluates Kerala against the criteria that multinational enterprises apply when selecting a location for a global capability center: talent availability and retention, operating cost, physical and digital infrastructure, policy and regulatory environment, and quality of life. Each is assessed on its own terms and benchmarked against comparable locations within South India and against national averages, drawing on government data, industry reports, and independent research published through mid-2026.

The intended reader is a Multinational Corporation (MNC), GCC Strategy, or Investment Committee evaluating India as a location and weighing locations. The report does not argue that Kerala suits every operating model; it sets out where Kerala's position is strongest, where it is comparable to alternatives, and where gaps remain.



1.2 The Five Pillars of Advantage

The report is organized around five criteria used in GCC site selection. They are presented in separate sections but function together: a lower attrition rate follows from talent depth; fiscal incentives are only usable where infrastructure already exists to absorb them; and quality of life is what keeps a hired workforce in place, distinct from what it costs to hire that workforce in the first place.

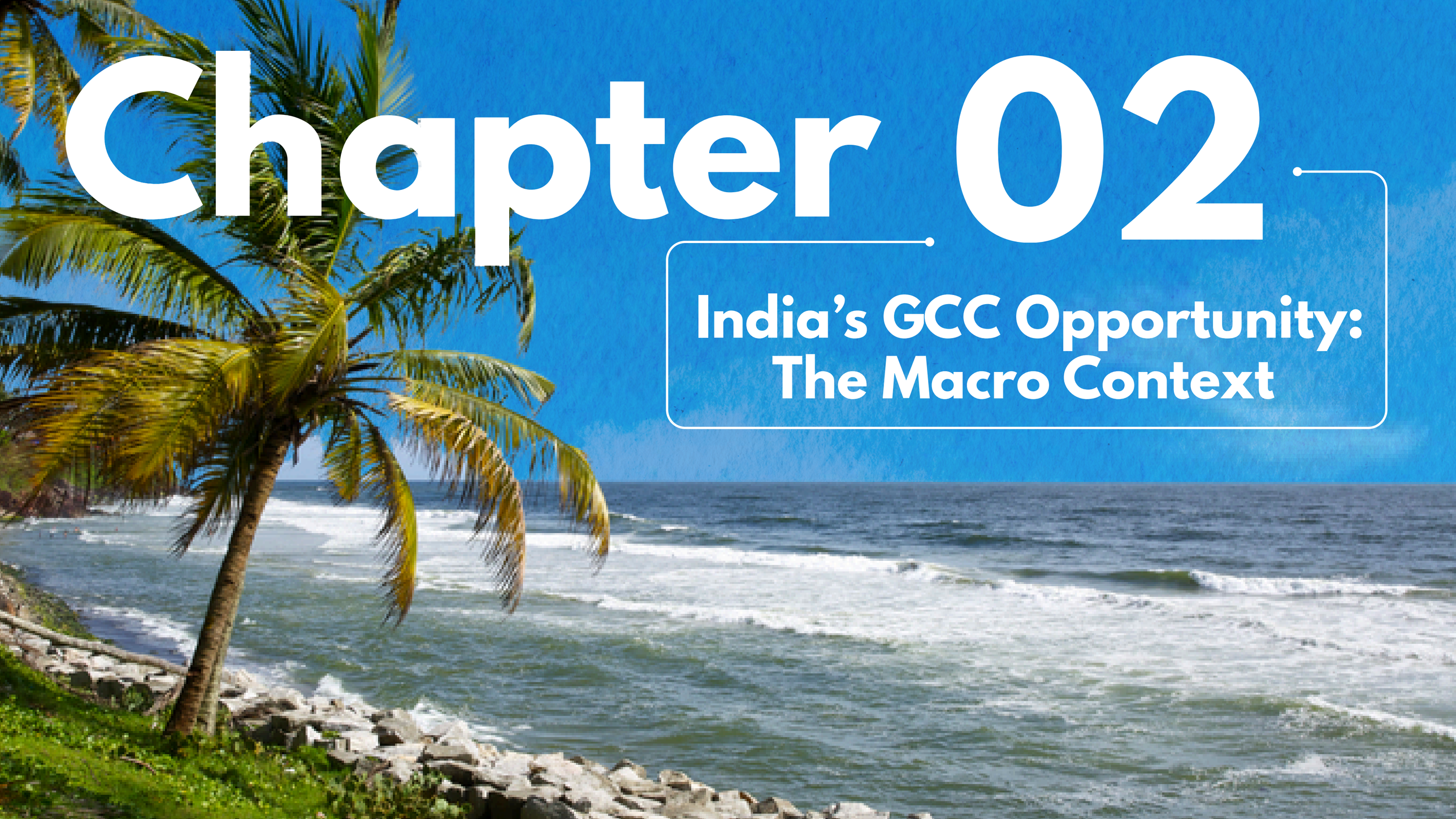
Pillar	What It Covers	Section
✓ **Talent**	Pipeline depth, workforce growth, and retention	3
✓ **Cost**	Real estate, compensation, and fiscal incentives	4
✓ **Infrastructure**	IT parks, digital connectivity, and an emerging-technology focus	5
✓ **Policy & Quality of Life**	Regulatory environment, ease of doing business, liveability	6
✓ **Positioning**	Comparative standing, existing enterprise presence	7

The practical value of this framework lies in the interdependency of these pillars rather than their individual metrics. While traditional site-selection evaluations often treat factors like real estate costs or tax concessions as isolated decision variables, enterprise success in a secondary or tertiary hub depends heavily on how these elements reinforce one another.

For instance, aggressive fiscal incentives yield minimal return if the underlying digital and physical infrastructure cannot support rapid operational scaling. Similarly, competitive real estate rates mean little if a region lacks the talent density required to keep recruitment costs low and backfill roles efficiently over time.

By evaluating Kerala through this integrated lens, the report demonstrates how the state's structural strengths compensate for areas where traditional primary hubs are reaching capacity.

Rather than competing solely on cost arbitrage, Kerala's positioning leverages a compounding effect: high liveability reduces attrition, strong educational and startup pipelines secure specialized skills, and target-driven infrastructure investments lower operational friction. This multidimensional approach provides global enterprise leaders with a clear, realistic map for evaluating long-term operational resilience and talent sustainability across the state.

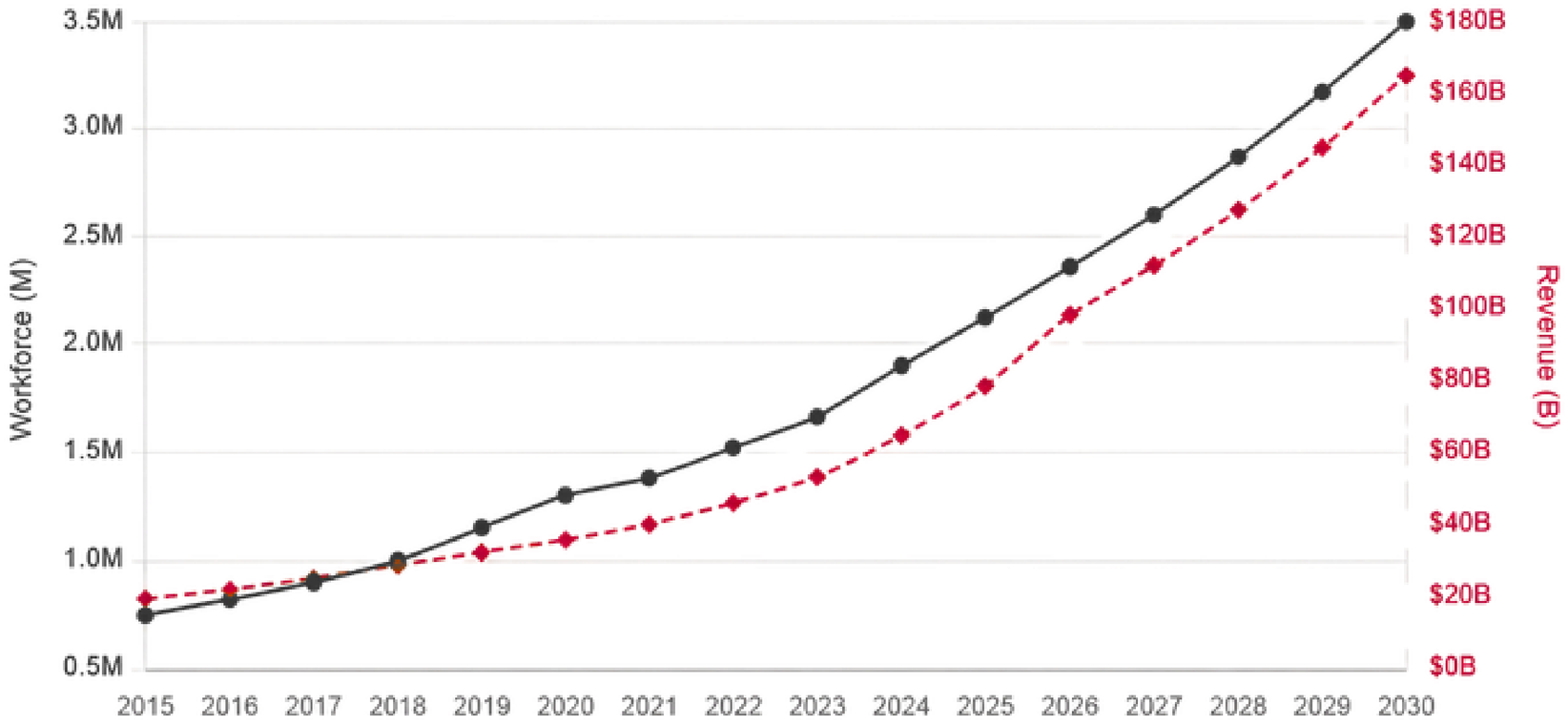


Chapter 02

India's GCC Opportunity: The Macro Context

The ascendance of India's Global Capability Centers (GCCs) is not an isolated business trend but a significant macroeconomic phenomenon, reflecting India's deepening integration into the global economy. What began in the 1990s as a strategy for cost arbitrage has matured into a structural shift, positioning India as a critical node in the world's innovation and service delivery networks. A confluence of favorable demographics, progressive policy frameworks, and a demonstrated resilience to global economic volatility underpins this evolution.

The sheer scale of the GCC sector's economic impact underscores its national importance. Currently hosting over **2,100+ centers** that employ approximately **2.4 million professionals**, the sector is expected to generate an estimated **$98.5 billion** in export revenue in FY26.



Projections for 2030 paint a picture of even greater influence, with forecasts suggesting that the number of centers will surpass **3,500,** contributing **over $170 - $180 billion in revenue** and accounting for approximately 2% of India's GDP. This growth trajectory is attracting significant investment, with billions of dollars flowing into key sectors such as IT, semiconductors, and BFSI, cementing the GCC model as a long-term strategic bet for multinational corporations.

A key driver of this growth is the supportive policy environment, which has transitioned from passive facilitation to active encouragement. A landmark development was the Union Budget 2026, which introduced transformative reforms to the transfer pricing regime, a long-standing source of uncertainty for global firms.

Key measures include the following:

- **Expanded Safe Harbor Rules:** The eligibility threshold was increased sevenfold **to ₹2,000 crore,** and a uniform, **competitive margin of 15.5%** was established for all IT and IT-enabled services. This provides large-scale GCCs with unprecedented tax predictability and simplifies compliance.

- **Fast-tracked Approvals:** The introduction of a rule-based, automated approval process for up to five years, alongside a commitment to close advance pricing agreements (APAs) within two years, drastically reduces the litigation lifecycle and administrative burden.

These reforms are a deliberate policy intervention to de-risk expansion and signal to global boardrooms that India is not just a hub for talent but also a stable and predictable environment for high-value strategic operations.

Beyond policy, the macroeconomic rationale for India's GCC dominance is bolstered by the sector's inherent resilience. While the global economic landscape is prone to cyclical disruptions, such as geopolitical tensions and tariff hikes, the GCC model has proven to be a strategic hedge.

The strategic diversification into Tier-II cities like Kolkata, Ahmedabad, and Coimbatore is enhancing resilience by reducing concentration risk and enabling access to untapped talent pools at a **cost advantage of 20-25% compared to Tier-I metros.** This multi-hub strategy, supported by state-level incentives and improved infrastructure, is creating a more robust and scalable GCC ecosystem.



Chapter 03

Kerala's Talent Advantage



3.1 A Deep and Renewing Talent Pipeline

Kerala ranks **9th nationally in professional talent pool size,** but its significance lies not in sheer volume but in density and quality. The state boasts the highest density of tech-ready professionals in India, a distinction that signals a workforce primed for high-value digital roles rather than generic IT services. This talent is highly concentrated, with nearly 40% of the professional workforce residing across **four key cities: Kochi, Thiruvananthapuram, Thrissur, and Kozhikode.**

The talent pipeline is further distinguished by its scale and future-readiness. Kerala produces tens of thousands of engineering and technology graduates annually, ensuring a steady flow of new entrants. However, unlike passive graduate outputs, the state has embedded a proactive upskilling mandate into its policy framework.

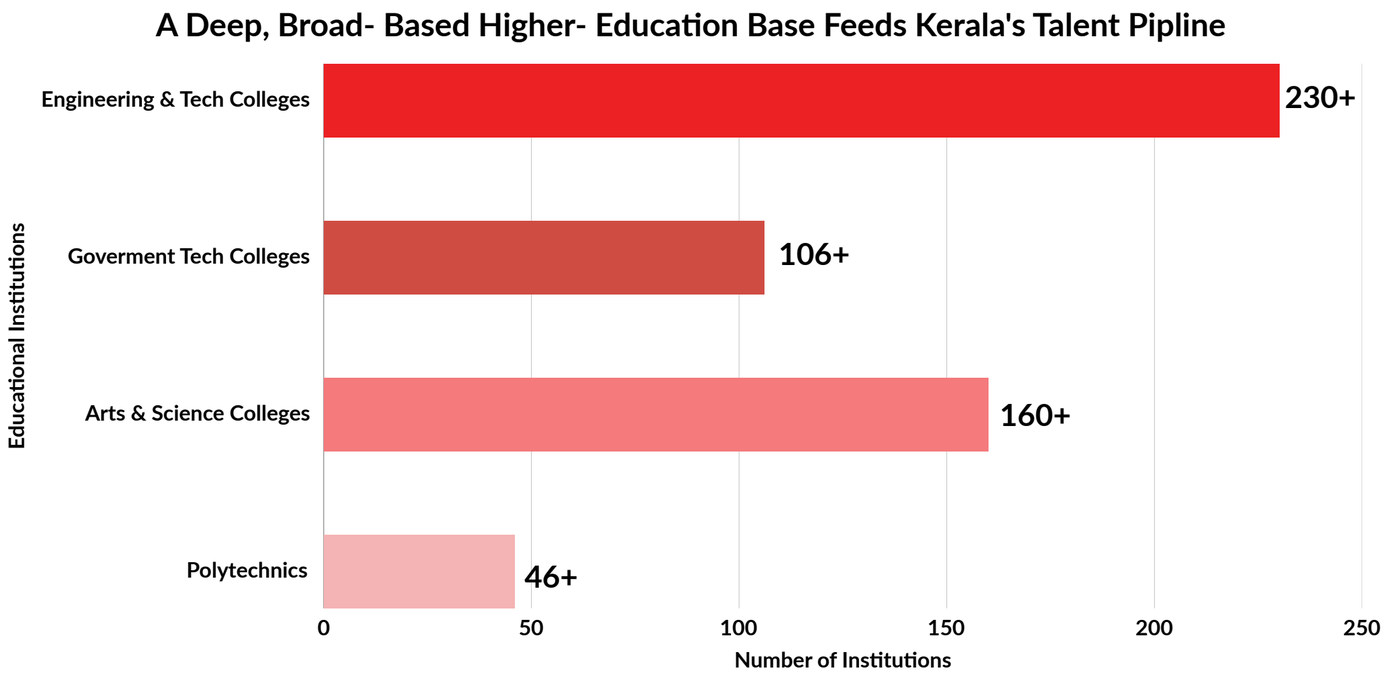
The **Kerala IT Policy 2026** targets training a staggering 2.5 million students in emerging technologies over the next five years, effectively future-proofing the workforce against obsolescence. This is complemented by the **Kerala Knowledge Economy Mission (KKEM),** which aims to create 2 million jobs in the knowledge sector, transforming the state from a talent supplier into a talent destination.

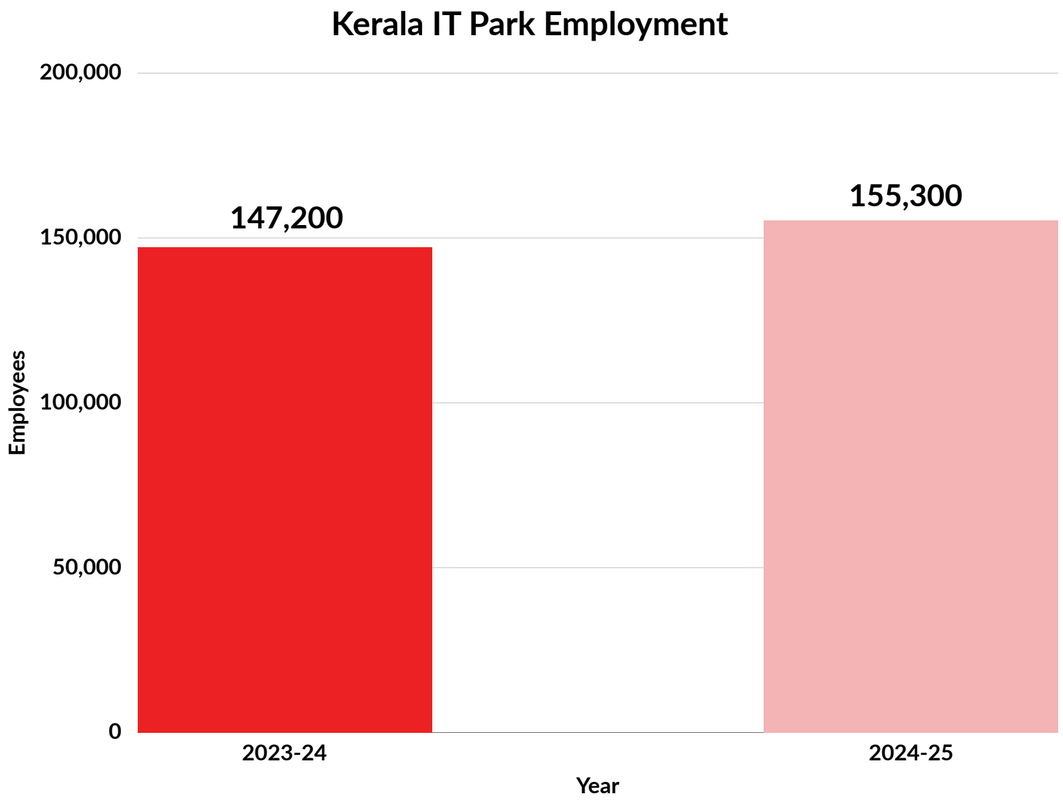
Metric	Value	Source
National Ranking	9th nationally for professional talent pool	K-DISC / LinkedIn Talent Insights, Aug '25
Talent Concentration	~40% concentrated in Kochi, TVM, Thrissur, Kozhikode	K-DISC / LinkedIn Talent Insights, Aug '25
Tech-Ready Density	Highest density of tech-ready professionals in India	WION Davos 2026 Report
Engineering Output	Tens of thousands of engineering & tech graduates annually	State Skill Development Data
Student Skill Target	2.5 million students trained in emerging tech over 5 years	Kerala IT Policy 2026
Knowledge Economy Jobs	2 million jobs targeted under KKEM	Kerala Knowledge Economy Mission



The depth of Kerala's talent pipeline is anchored in an exceptionally broad higher-education base. The state's academic infrastructure **comprises 230+ engineering and technology colleges, including 106+ government-run technical institutions, complemented by 160+ arts and science colleges and 46+ polytechnics.**

This multi-tiered ecosystem produces a diverse and continuous stream of graduates across engineering, sciences, and commerce far beyond the narrow output of a few elite institutes. This institutional density ensures that the workforce feeding Kerala's GCCs, IT parks, and startup ecosystem is not a finite resource but a sustainable, renewing asset, capable of supporting the state's vision of **scaling IT employment to 500,000 jobs by 2031.**





Kerala's IT parks witnessed steady employment growth, **rising from 147,200 professionals in 2023–24 to 151,200 in 2024–25, reflecting a year-on-year increase of 4,000 jobs.**

This consistent expansion underscores the state's growing appeal as a technology and GCC hub, driven by a robust talent pipeline and proactive government policies.

The upward trajectory aligns with Kerala's broader IT sector momentum, where software exports have tripled **from ₹8,000 crore in 2016–17 to ₹26,191 crore in 2024–25,** reinforcing the state's emergence as a preferred destination for global capability centers.

With the gov**ernment targeting 500,000 new IT jobs by 2031 under the IT Policy 2026,** this employment growth represents not just a trend but a sustained structural shift in Kerala's economic landscape.

3.2 Rapid Professional Workforce Growth

Kerala's professional talent pool has grown at an extraordinary **172% over the last five years,** reflecting a structural shift in its employment base. This growth is not abstract; it is physically manifested in the state's IT parks. **Employment across Technopark, Infopark, and Cyberpark now stands at approximately 150,000 professionals, with roughly 66,000 new IT-sector jobs created since 2016.**

The GCC sector, currently employing over 20,000 professionals across more than 40 centers, is poised for explosive growth. The state government has set a target to increase this fivefold, from 40,000 to 200,000 GCC jobs by 2030, while the broader Kerala IT Policy aims for a total of 500,000 new jobs in IT and allied sectors by 2031.

Critically, this job growth is being mirrored by a vibrant entrepreneurial ecosystem that diversifies the talent pool. The state has registered over 6,400 startups, a remarkable 254% growth between 2021 and 2023, against a state target of 20,000. These startups have attracted investments totaling ₹6,000 crore over the past decade, with a dedicated ₹50 crore seed fund supporting over 900 ideas. This indicates a talent pool that is not solely dependent on GCC and IT services hiring for absorption but is increasingly capable of generating its own economic opportunities.

Ultimately, Kerala’s employment landscape is undergoing a dual-engine transformation: strong institutional backing for large-scale enterprise hubs and GCCs is paired with a resilient, self-sustaining entrepreneurial network. This dual focus ensures that workforce growth is not only rapid and diversified but also anchored in long-term economic sustainability, capable of continuously absorbing high-skill talent.



3.3 Talent Retention: Kerala's Structural Edge

While talent availability is critical, retention is the economic differentiator. India's GCC sector recorded an overall attrition of **16% in 2025-26, rising to 16.5% among high performers.** In contrast, Tier-II cities, including Kerala's key hubs, consistently report attrition rates 10-15 percentage points lower than their Tier-I counterparts. This is not a marginal advantage; it is a structural edge that directly translates into reduced recruitment costs, preserved institutional knowledge, and higher operational continuity.

Kerala demonstrates this retention advantage through concrete metrics. Over 50% of employees at established Kerala GCCs have been hired through **direct campus recruitment sustained over 7.5 years,** indicating a pipeline built for renewal rather than one-time hiring.

This suggests a high propensity for local talent to stay local, reducing the churn associated with migrating workforces. Furthermore, the state attracts a significant inflow of returning professionals: 52% of global returnees to Kerala come from the UAE, with substantial inflows from Saudi Arabia, the UK, and the US, bringing back global expertise to anchor local operations.

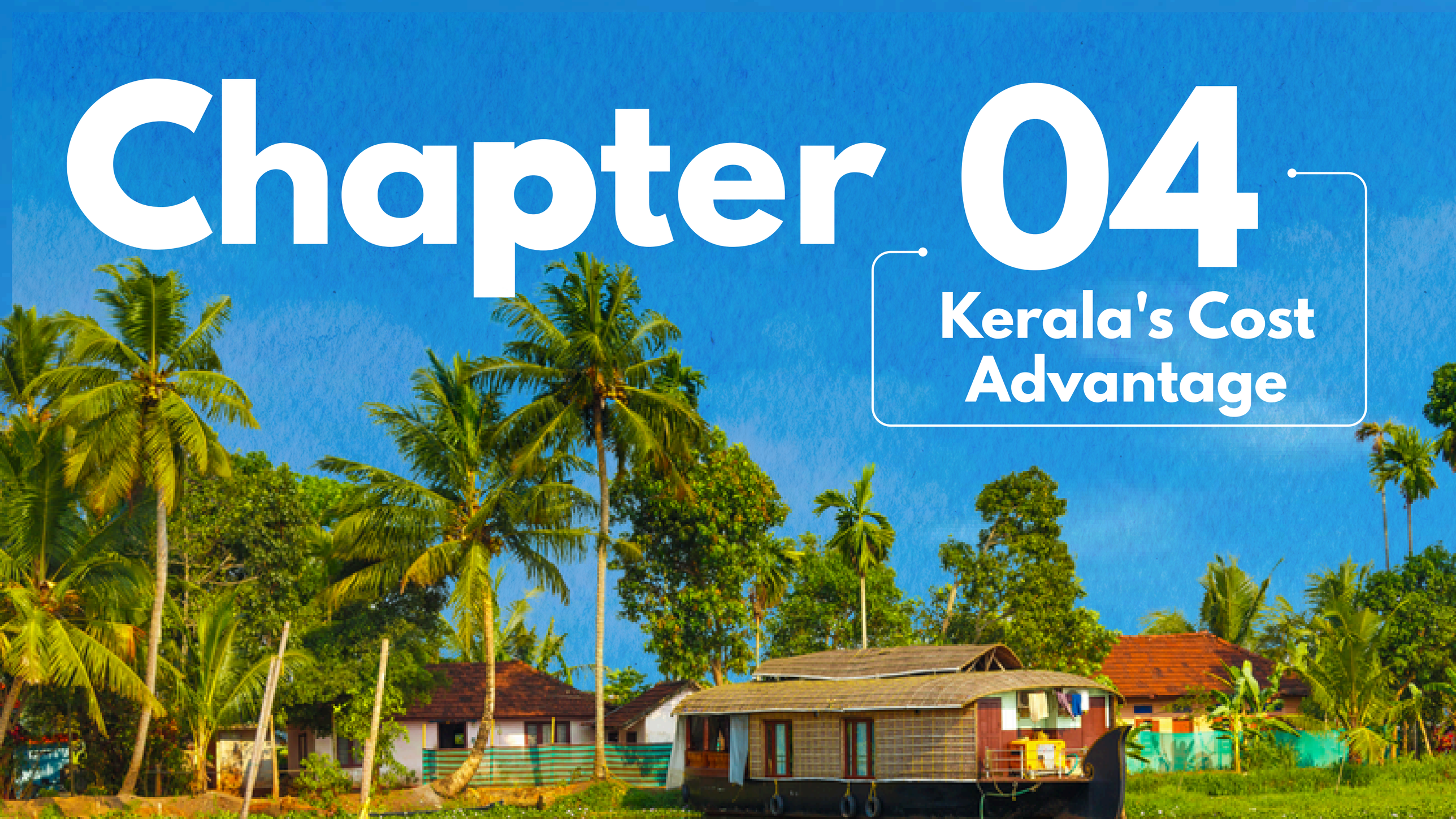
Leadership perception reinforces the data. Senior executives at Allianz Services India have described the Kerala center's retention levels and the "hunger to grow" among its employees as distinguishing factors.

This is complemented by Kerala's institutional commitment to skill development, leveraging bodies like **KASE (Kerala Academy for Skills Excellence) and ASAP Kerala,** which partner with international organizations to train talent for **sunrise sectors, ensuring the workforce remains engaged and future-ready.**

Metric	Value	Source
National Attrition (India GCC)	16% overall; 16.5% for high performers (2025-26)	Neointelli, May 2026
Attrition Advantage (Tier-II)	10-15 percentage points lower than Tier-I cities	Neointelli, May 2026
Campus Recruitment Success	>50% employees hired via campus recruitment over 7.5 years	ET Surge 2025 Panel
Global Returnee Inflow	52% from UAE; significant from Saudi, UK, US	K-DISC / Migration Data
Skill Institutions	KASE, ASAP Kerala with international partners	Kerala Skill Development
Hardware & Manufacturing	Maker Village 2.0: India's first Super Fab Lab	Kerala Government

Chapter 04

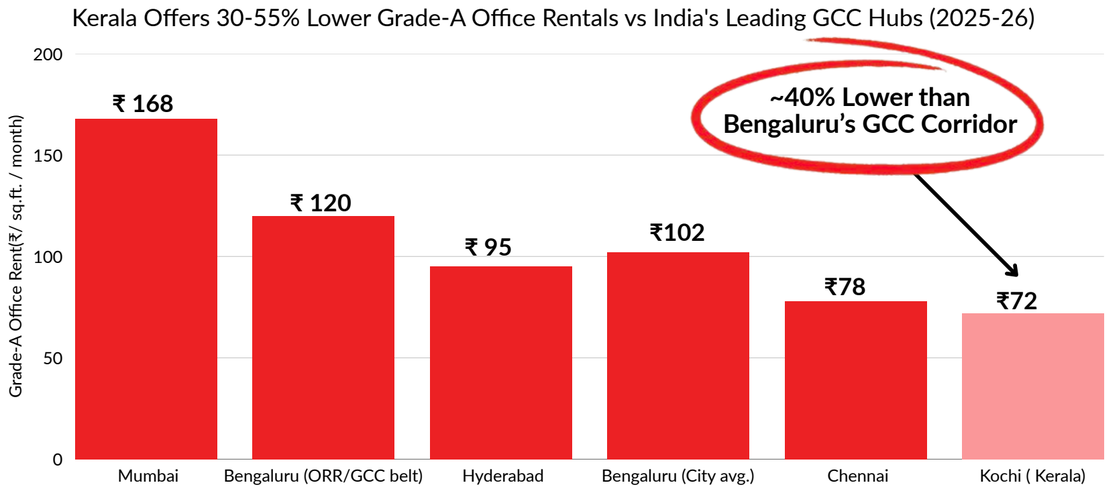
Kerala's Cost Advantage



Real estate and compensation together typically account for 70–80% of a GCC's operating cost base. Kerala offers a structural cost advantage on both fronts relative to India's saturated Tier-1 GCC hubs, without the infrastructure compromises historically associated with lower-cost locations.

4.1 Commercial Real Estate

Grade-A office rents in **Kerala's IT parks run 30–55% below those in Bengaluru's GCC corridor and other Tier-1 metros.** Bengaluru's Outer Ring Road, India's preferred GCC destination, commanded rentals of **₹105–135 per sq. ft./month in H1 2026 (up 6.7% YoY),** while average transacted rents across the city rose 8% YoY to ₹102 per sq. ft./month. Mumbai's core markets reached ₹168 per sq. ft./month. By comparison, Grade-A space in Kochi's Infopark and MG Road corridor is available at ₹60–85 per sq. ft./month.



Sources: Knight Frank india Q1/H1 2026; Altre India Office Leasing Landscape Q1 2026, SuperLuxRE (2025-26), Cityinfo Services Kochi Market Report (2026)



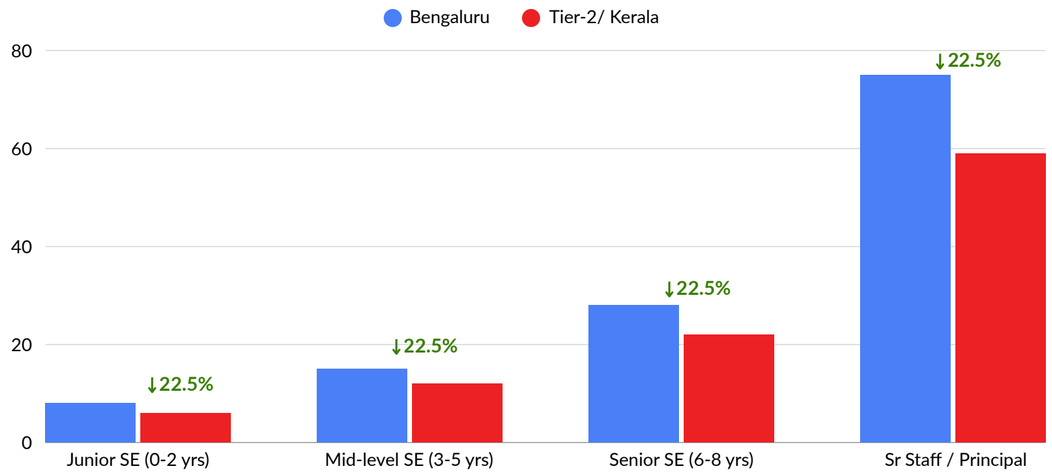
4.2 Compensation Arbitrage

Industry salary benchmarking consistently identifies a Tier-2 arbitrage opportunity: cities including **Kochi offer 70–85% of Tier-1 talent quality at 70–85% of Tier-1 compensation cost, with meaningfully lower attrition. A senior engineer commanding ₹35 lakh CTC in Bengaluru may accept a materially lower package for a comparable role in a Tier-2 Kerala location while also gaining a higher standard of living, translating directly into a lower blended cost per employee for the GCC over a multiyear horizon.**

Tier-2 markets like **Kerala offer a compelling 22.5% cost reduction on payroll across every seniority level compared to tech hubs like Bengaluru.**

This salary differential allows companies to significantly optimize talent acquisition costs, scaling developer pay from **₹6 LPA to ₹58 LPA instead of Bengaluru's ₹8 LPA to ₹75 LPA** without compromising on structured career growth.

Software Engineer Salary Benchmarks



4.3 Kerala GCC Policy, 2025–2030: Fiscal Incentives

The **Kerala Global Capability Centre (GCC) Policy, 2025–2030,** offers a dedicated incentive package targeting large and mid-market MNC investment, structured as a turnkey **'GCC Boilerplate' setup experience for eligible units (minimum investment threshold ₹50 crore).**

Incentive	Benefit	Cap / Duration
SGST Reimbursement	Reimbursement of State GST paid	**Up to ₹10 crore over 5 years**
Stamp Duty & Registration Fee	Waiver on land/property transactions	**Up to 100%**
Land Conversion Charges	Waiver on land-use conversion	**Up to 50%**
Property Tax	Exemption on local property tax	**5 years**
Capital Subsidy	Subsidy on eligible capital expenditure	**Up to ₹50 crore/year**
Land Lease Subsidy	Discount on government land lease rates	**5%-15%**
Quality Certification Refund	Reimbursement for certification costs (ISO, etc.)	**Up to 50%, max ₹25 lakh/year**
Rent-Free Period	Free occupancy at government-anchored parks	**6 months**
Diversity Rent Discount	Additional discount for diverse workforce hiring	**5%-10%**
Statewide job creation target under policy	New jobs by 2030	**200,000 jobs**

The policy targets 200,000 new jobs by 2030 and complements Kerala's broader 2025 vision of hosting 120–200 GCCs, more than 30 million sq. ft. of next-generation tech workspace, and 500,000 high-quality IT/tech jobs statewide.



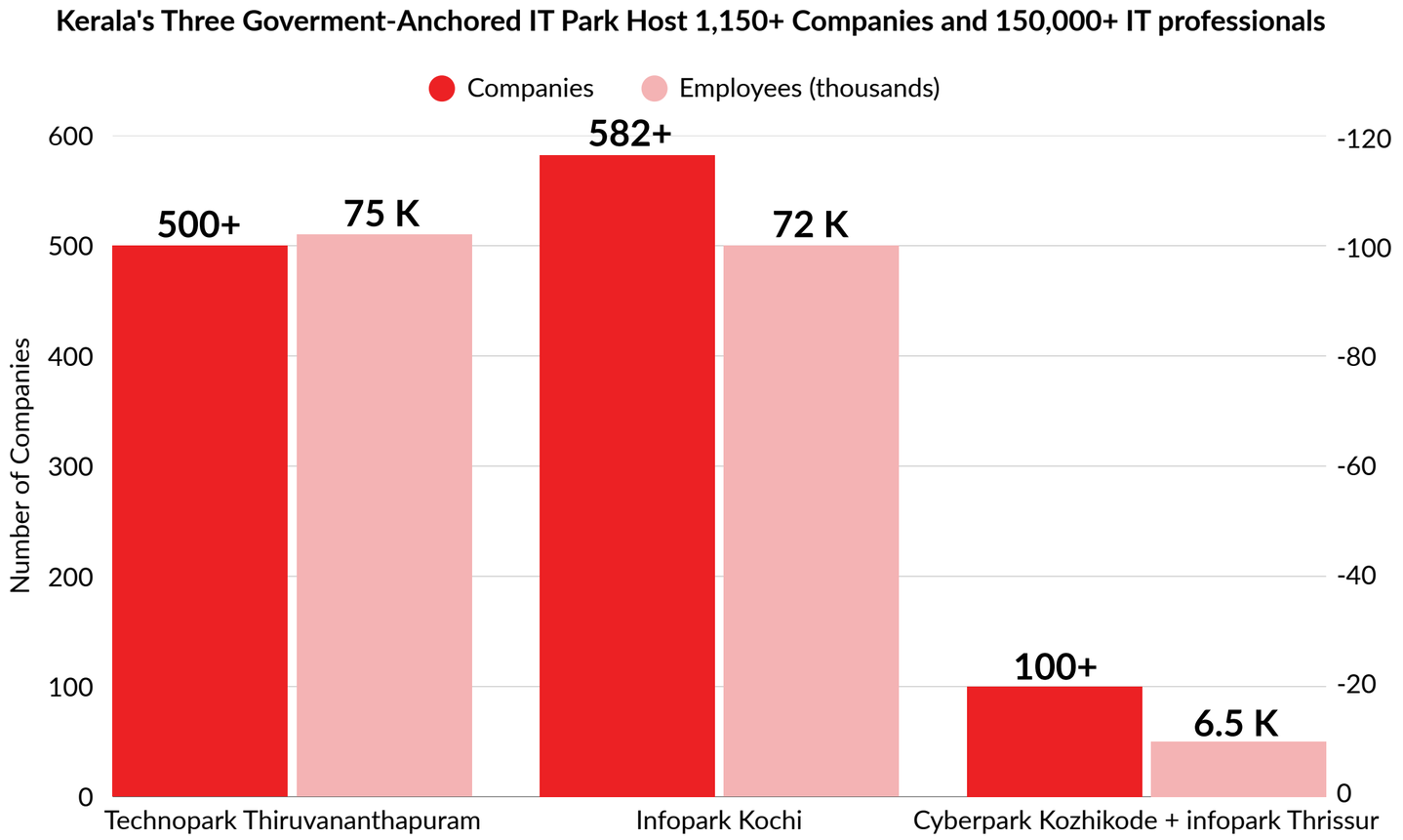
Chapter 05

Kerala's Technology & Digital Infra--structure Advantage



5.1 A Mature, Government-Anchored IT Park Ecosystem

Kerala's 'hub-and-spoke' model, with Technopark (Thiruvananthapuram), Infopark (Kochi), and Cyberpark (Kozhikode) as hubs, with satellite parks in Kollam, Thrissur, and Cherthala, has produced one of India's most mature government-backed technology infrastructure bases outside the traditional metro hubs.

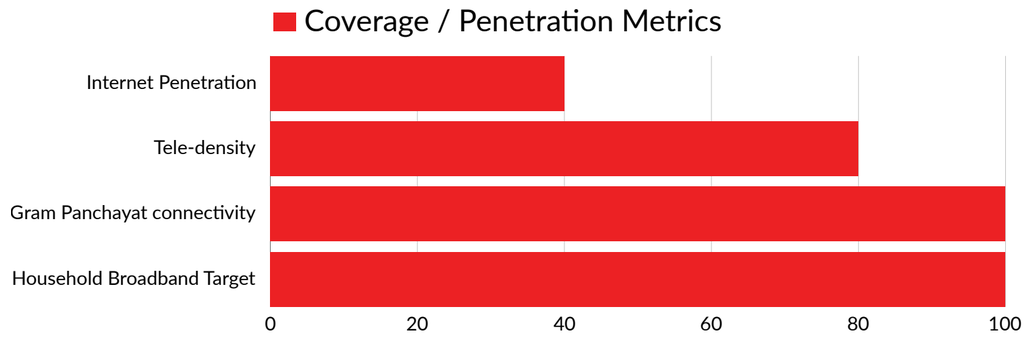


- **Technopark, Thiruvananthapuram:** Asia's largest green IT park, spanning 12.72 million sq. ft., housing 500+ companies and roughly 75,000 professionals.
- **Infopark, Kochi:** 323 acres across two phases, 582 companies employing approximately 72,000 professionals, with global occupiers including Cognizant, TCS, Wipro, IBM, EY, Nissan Digital, Tata Elxsi, and IBS Software.
- **Cyberpark, Kozhikode, and Infopark Thrissur:** Emerging satellite hubs; Infopark Thrissur alone hosts 80+ companies employing around 4,500 professionals, contributing to decentralized, statewide growth.
- **Kerala ranks 8th in India for software exports (STPI data),** crossing ₹21,000 crore in software exports in FY 2024–25, spanning fintech, SaaS, enterprise solutions, cybersecurity, and mobile applications for clients across the US, Europe, the Middle East, and Southeast Asia.

5.2 Digital Connectivity: K-FON and Statewide Infrastructure

Digital state status **1st in India** Announced Feb 2016	Optical fibre network **30,000 + Km** Laid Across the state,growing	Akshaya Centres **2,600** Oprational 10+years
State data centres **2 SDCs** Set up in 2005 & 2011, with Cloud	Cyber Security **CERT-K** Established 2010	Digital literacy target **3 Million** Citizen to be trained

Kerala Fibre Optic Network (K-FON), a Government of Kerala initiative delivering high-speed internet as a public utility, extends connectivity to gram panchayats and remote villages across the state, alongside the Kerala State Wide Area Network (KSWAN), connecting government offices and India's first e-governance-dedicated state data center. This combination of universal fiber coverage and 100% digital literacy gives Kerala infrastructure depth typically associated only with metro cores, but extended statewide, supporting decentralized GCC site selection beyond Kochi and Thiruvananthapuram.



The strong foundational infrastructure with near 100% saturation in tele-density, Gram Panchayat connectivity, and household broadband target delivery. However, actual internet penetration trails significantly at roughly 40%, revealing a key opportunity gap between established connectivity infrastructure and active user adoption.



5.3 Emerging-Technology Focus

Kerala's technology roadmap explicitly targets leadership in **AI, semiconductor design and advanced electronics, AVGC-XR (animation, VFX, gaming, comics, and extended reality), and deep tech, supported by institutions such as IIITM-K; dedicated hubs, including a Defense Park (Palakkad) and Space Park (Thiruvananthapuram);** and a reported pipeline of 20,000 startups, including 100 deep-tech startups and 10 unicorns, statewide, positioning the state for the next generation of GCC mandates centered on AI and R&D rather than legacy back-office functions.

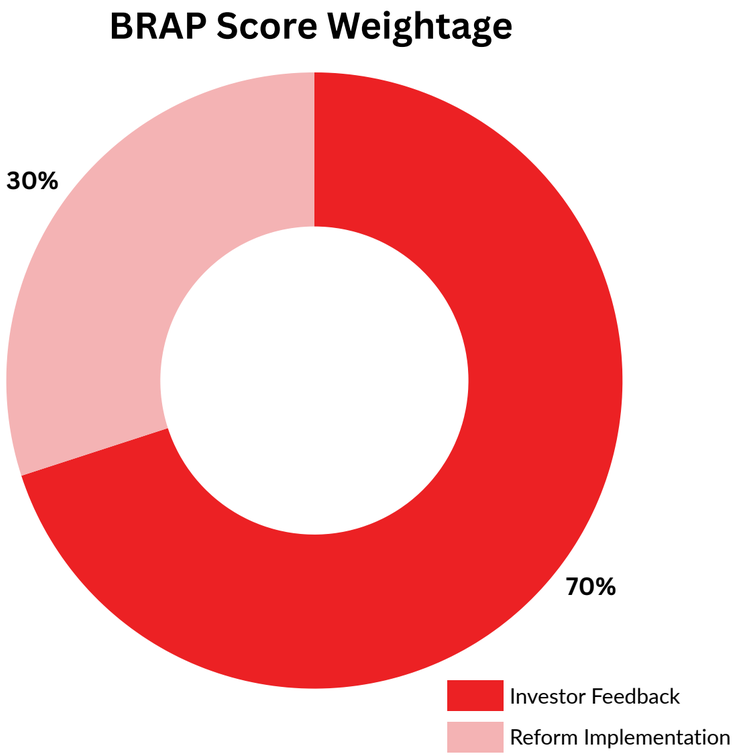
City / Hub	Key Infrastructure & Hubs	Primary Emerging Tech Focus	Key Ecosystem Metrics & Highlights
Thiruvananthapuram	Technopark (Phases I–V) Technocity & Digital Science Park Space Park Digital University Kerala (DUK / IIITM-K)	Deep Tech & R&D Space Tech & Aerospace Global Capability Centers (GCCs) Artificial Intelligence	490+ companies and 75,000+ tech professionals at Technopark. Host to India's first Digital Science Park and specialized Space Park.
Kochi	Infopark (Phases 1 & 2) Kerala Technology Innovation Zone (KTIZ) Maker Village & Digital Hub	SDM & Hardware Prototyping Intelligent IoT Sensors AVGC-XR (AR/VR/Gaming) Enterprise SaaS & AI	Maker Village: India's largest electronic hardware incubator. Super Fab Lab: First MIT-partnered digital prototyping lab outside the US. Digital Hub: 200,000 sq ft facility supporting 200+ tech startups.
Kozhikode	Cyberpark Kozhikode Hi-Lite Business Park KSUM Regional Innovation Hub	Software Product Engineering AI & Data Analytics HealthTech & Regional Innovation	Key IT anchor for Northern Kerala. Recognized as an emerging Tier-2 GCC and product development node.
Palakkad	KINFRA Defense Park	Defense Electronics Precision Engineering Advanced Hardware Manufacturing	Dedicated defense and aerospace manufacturing cluster integrated with state technology roadmaps.
Thrissur & Cherthala	Infopark Thrissur Infopark Cherthala	Tier-3 Tech Expansion Distributed R&D & Software Dev	Satellite campuses providing plug-and-play cost arbitrage for expanding IT/ITeS firms.

Chapter 06

ENABLING ECOSYSTEM: POLICY, EASE OF DOING BUSINESS & QUALITY OF LIFE



6.1 Ease of Doing Business



Kerala moved from **28th position to the Top Achiever category of the DPIIT Business Reform Action Plan** within three years. The state's BRAP 2024 reform completion score stands at 99.3 percent, up from 91 percent in 2023, a nine-year climb compressed into three, at a point in the ranking curve where marginal gains are typically hardest to secure.

The composition of the score is what gives the trend its weight. **BRAP is scored 70 percent on direct investor feedback and 30 percent on documented reform implementation,** so Kerala's movement from 91 to 99.3 percent cannot be explained by legislative filings alone; it required a measurable shift in how investors already operating in the state rated their experience of it.

That shift traces to a specific set of execution mechanisms rather than a general reform posture. Dedicated GCC facilitation teams were constituted at Technopark and Infopark specifically to reduce the clearance burden on incoming centers; the Responsible Investment Policy attached defined incentives to 22 named priority sectors rather than a generic investment code, and IT Policy 2026 extended labor law simplification specifically to IT and high-technology employers rather than industry broadly. Each mechanism narrows to the GCC use case instead of treating it as one applicant among many.

Dedicated GCC policy in advanced stage: single-window clearance, capex/opex incentives, and facilitation teams at Technopark and Infopark

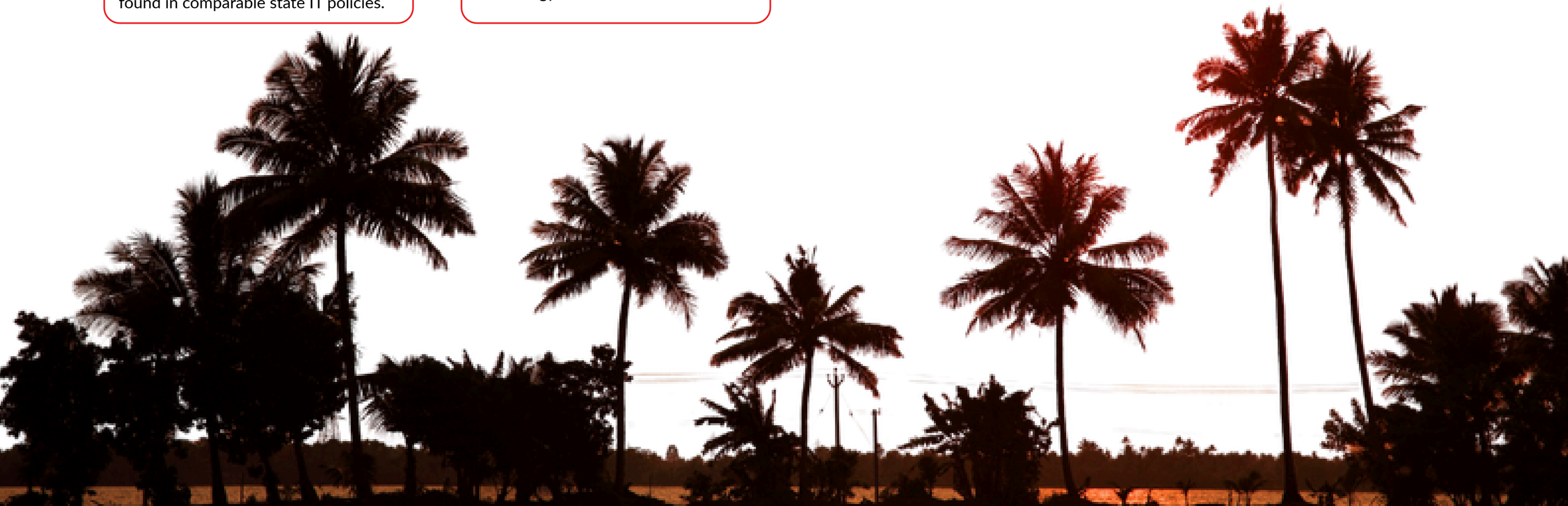
22 priority sectors carry defined incentives under the Responsible Investment Policy

A Critical Infrastructure Fund under IT Policy 2026 is earmarked for natural disaster and pandemic continuity, an operating-risk mitigant not typically found in comparable state IT policies.

IT Policy 2026, approved by Cabinet in February 2026, extends labour law simplification to IT and high-technology industries

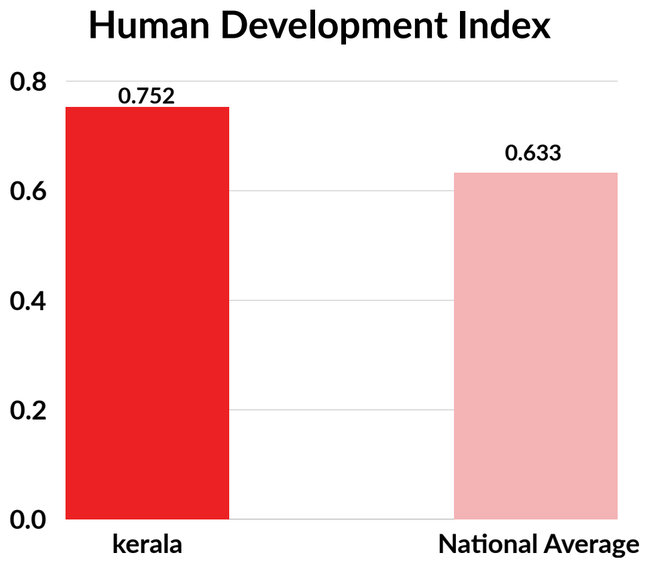
The timing is notable; set against Section 8, MS Holdings' commitment to scale its Kerala center twentyfold arrived in February 2026, the same window as the Cabinet approval of IT Policy 2026 and shortly after the BRAP score was published.

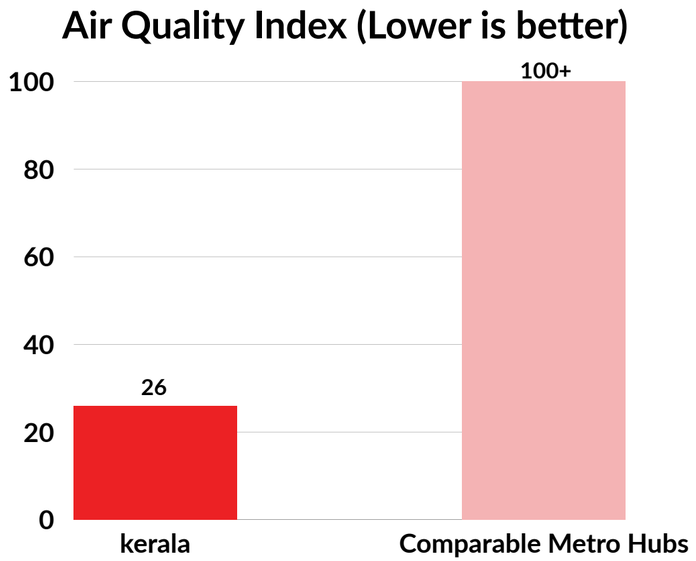
That sequencing does not establish causation on its own, but it is consistent with a reading in which improved regulatory scores are translating into larger capital commitments from investors already inside the system, rather than functioning as a rating exercise disconnected from actual capital allocation. Because 70 percent of the BRAP score is investor-sourced, sustaining it as opposed to earning it once requires that this standard of execution continue rather than taper after the ranking is published.



6.2 Quality of Life and Human Development

Kerala ranks first nationally on NITI Aayog's SDG Index. The state's **Human Development Index is recorded at 0.752 against a national average of 0.633;** a separate estimate places it at 0.86, in the "Very High" category and second among Indian states. The two figures use different methodologies but agree on Kerala's relative position.





Literacy stands at 94%, with female literacy at 92.07%, above the national literacy average on its own.

Air quality in Kerala's IT hubs is recorded at an AQI of 26, against 100 or higher in comparable metro locations.

The population below the poverty line is recorded at 0.55 percent. On a comparative scoring basis, Kerala's English proficiency and literacy are rated 9.5 out of 10 against a Tier-1 metro average of 7.5.

A gap with direct relevance to any conglomerate staffing client-facing or global-coordination roles rather than back-office functions alone.

These figures are not in decorative context; they are structural inputs to the attrition gap established in Section 3.3, where Tier II locations, including **Kerala, report attrition 10 to 15 percentage points below Tier I cities.**

Lower air pollution, higher HDI, and stronger education access do not show up as a line item on a GCC's cost sheet, but they are the practical reason a hired workforce, and any relocating leadership layer, chooses to stay through a multi-year operating horizon rather than exit within the first two.

State officials have cited controlled urbanization specifically as a deliberate differentiator for the IT industry rather than an incidental feature of Kerala's geography, positioning livability as an operating input on the same order as real estate cost or power tariffs, not a separate lifestyle consideration.

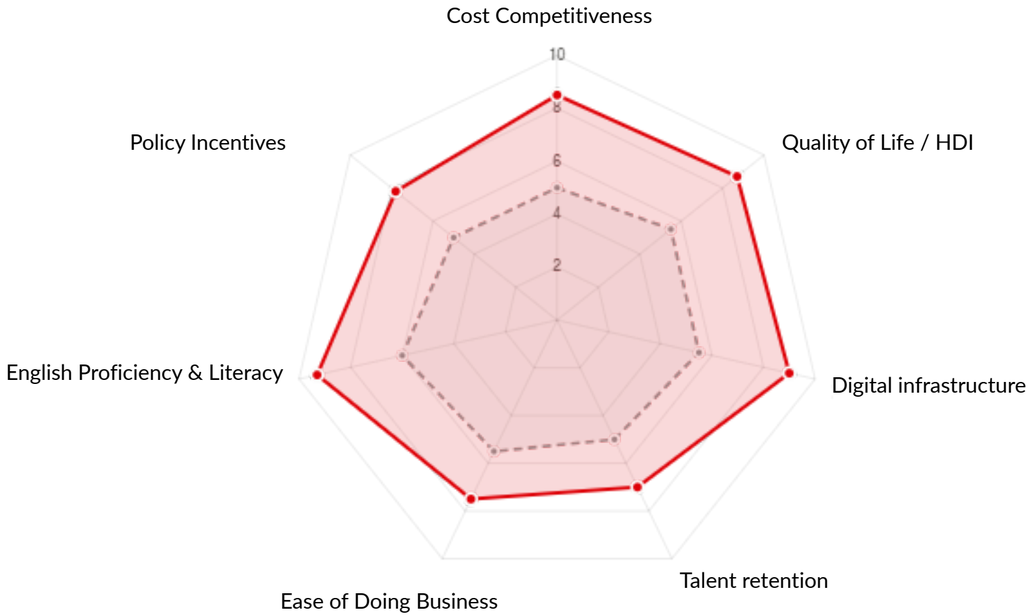
Indicator	Kerala	Comparator
HDI	0.752	0.633 national average
Literacy rate	94%	—
Female literacy rate	92.07%	—
English Proficiency & Literacy (scored)	9.5 / 10	7.5 / 10 Tier-1 average
Air Quality Index	26	100+ comparable metros
Population below poverty line	0.55%	—
International airports	4 (5th planned)	—
Rail network	2,106 km	—
National highway coverage	1,200 km / 11 routes	—

Chapter 07

Competitive Positioning



Synthesizing the talent, cost, technology, and enabling-ecosystem data presented in this report, Kerala's directional profile relative to Tier-1 metro GCC hubs (Bengaluru, Hyderabad, and NCR) reflects a distinctive combination: comparable or superior quality-of-life and talent-retention characteristics, materially lower cost, and rapidly maturing though still-developing digital infrastructure depth.



Kerala demonstrates a balanced competitive positioning against Tier-1 GCC hubs, matching or exceeding them on talent retention, quality of life, and English proficiency & literacy while delivering superior cost competitiveness.

The state's policy incentives and ease of doing business scores are rapidly converging with metro benchmarks, though digital infrastructure depth remains an area of continued development.
This directional profile validates Kerala's value proposition: comparable or superior talent outcomes at materially lower operating costs, without the congestion and attrition challenges of saturated metros.

For GCCs prioritizing workforce stability and quality of life alongside cost efficiency, Kerala offers a differentiated, de-risked alternative to traditional Tier-1 locations.

7.1 Existing Global Enterprise Presence

Kerala's IT parks already host a cross-section of global technology, consulting, and engineering leaders, evidencing proven operational viability at scale:

S. No.	Global Company	Headquarters Country	Kerala Presence
1	IBM	USA	Software Lab & Generative AI Innovation Centre, Infopark Kochi
2	Oracle Corporation	USA	Two development centres, Technopark
3	Accenture	Ireland / USA	Technopark, Trivandrum
4	Capgemini	France	Technopark, Trivandrum
5	EY	UK	Offices in Kochi & Trivandrum
6	Allianz Technology	Germany	Technopark, Trivandrum
7	Cognizant	USA	Infopark Kochi (1.5 million sq. ft. campus)
8	Nissan Digital	Japan	Infopark Kochi & Technopark
9	RR Donnelley	USA	Technopark, Trivandrum
10	Guidehouse	USA	Technopark, Trivandrum
11	Finastra	UK	Technopark, Trivandrum
12	H&R Block	USA	Technopark, Trivandrum
13	Equifax	USA	Technopark, Trivandrum
14	Envestnet	USA	Technopark, Trivandrum
15	RM Education (RM plc)	UK	Technopark, Trivandrum
16	Aptara	USA	Technopark, Trivandrum
17	Alamy Images	UK	Technopark, Trivandrum
18	McKinsey & Company	USA	Technopark, Trivandrum
19	Infoblox	USA	Technopark, Trivandrum
20	EXL	USA	Two offices, Kochi
21	Speridian Technologies	USA	Kochi & Trivandrum



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Chapter 08

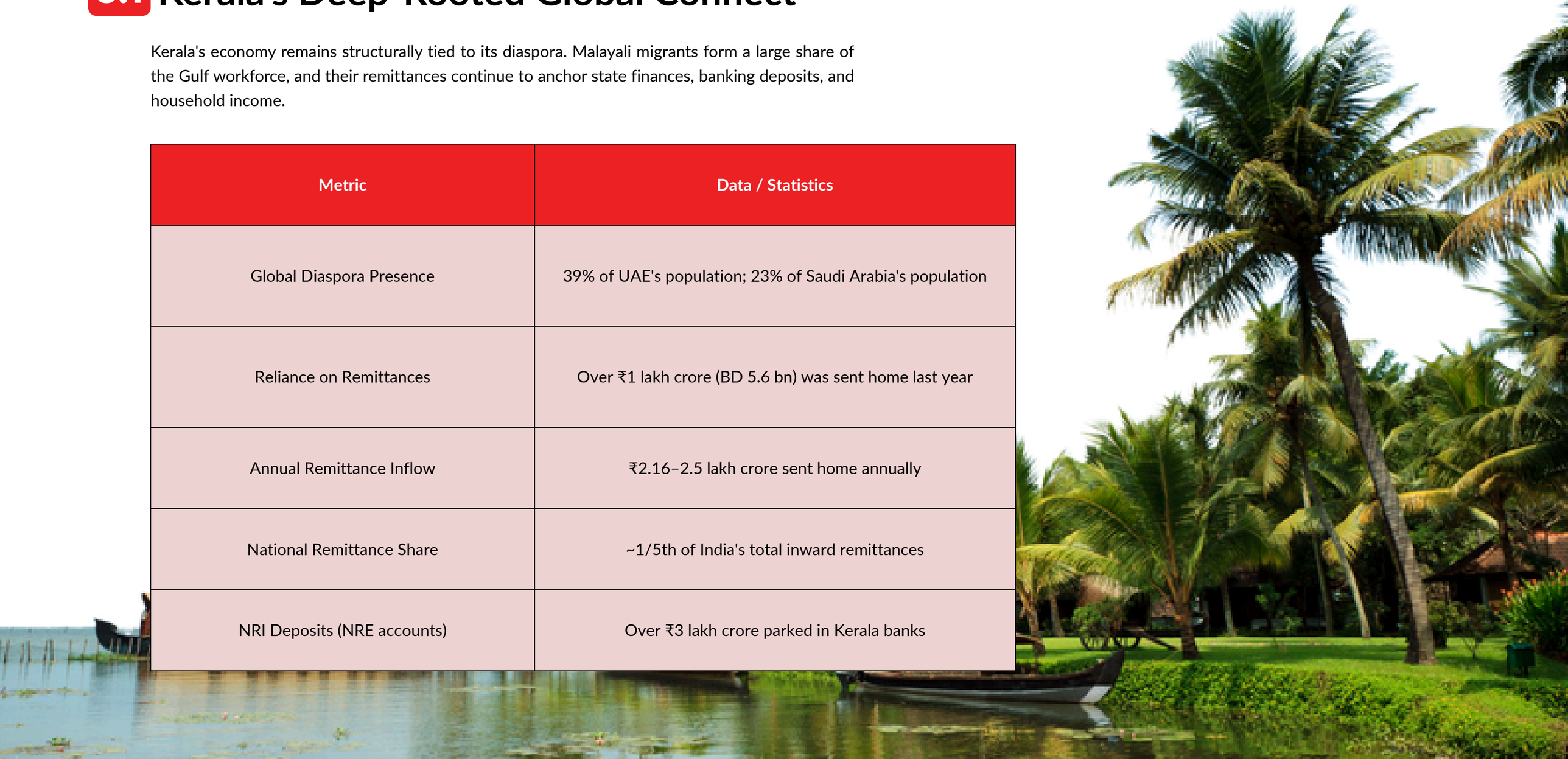
Legacy and the Homecoming: Kerala's Global Fluency, Coming Full Circle



8.1 Kerala's Deep-Rooted Global Connect

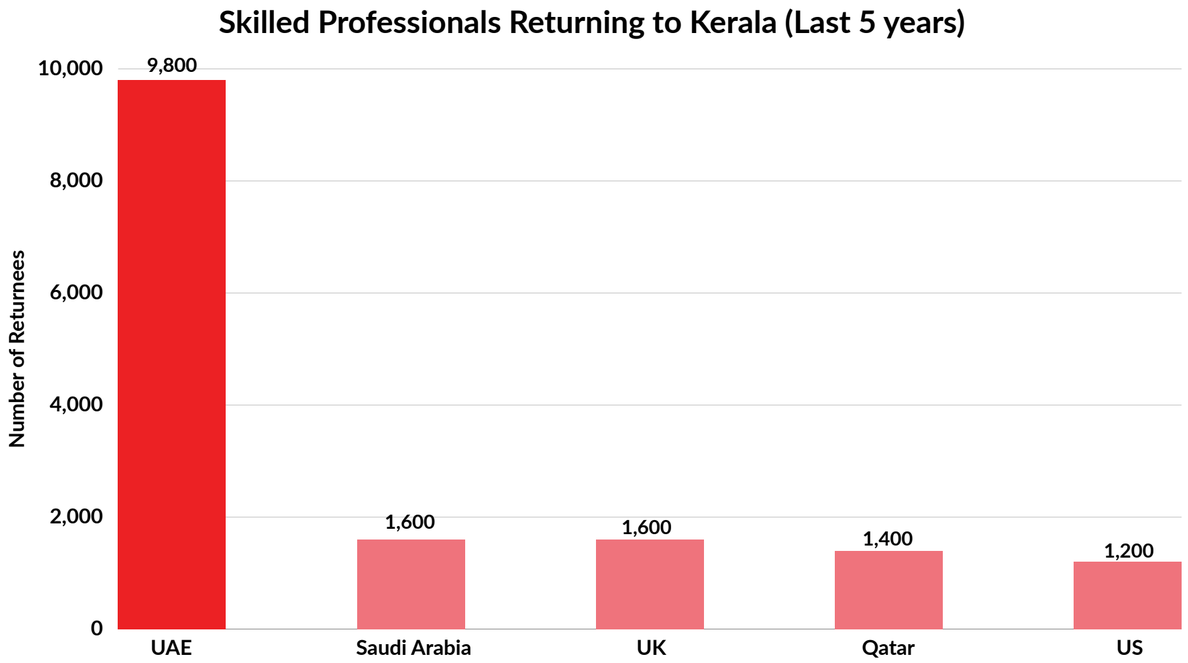
Kerala's economy remains structurally tied to its diaspora. Malayali migrants form a large share of the Gulf workforce, and their remittances continue to anchor state finances, banking deposits, and household income.

Metric	Data / Statistics
Global Diaspora Presence	39% of UAE's population; 23% of Saudi Arabia's population
Reliance on Remittances	Over ₹1 lakh crore (BD 5.6 bn) was sent home last year
Annual Remittance Inflow	₹2.16–2.5 lakh crore sent home annually
National Remittance Share	~1/5th of India's total inward remittances
NRI Deposits (NRE accounts)	Over ₹3 lakh crore parked in Kerala banks



8.2 The Homecoming: The Reverse Migration Wave

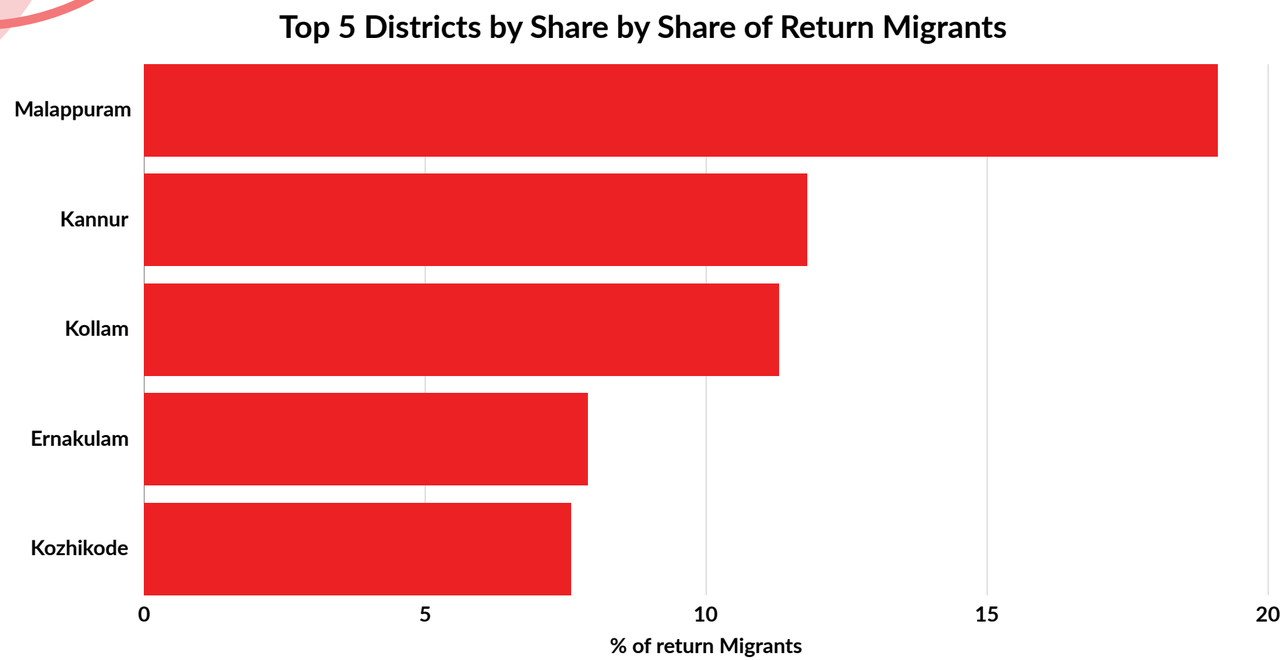
Skilled Malayalis are returning in growing numbers, led overwhelmingly by UAE returnees. The pandemic triggered a mass return of **1.5 million** NRKs, and return migration remains concentrated in a handful of districts.



Over the past five years, the UAE has been the primary source of skilled professionals returning to Kerala, with 9,800 returnees accounting for over **52%** of the total. **Saudi Arabia, the UK, Qatar, and the US** follow with **1,600, 1,600, 1,400, and 1,200 returnees**, respectively.

This reverse migration wave brings global expertise in business operations, finance, and technology, directly supporting Kerala's emergence as a premier GCC destination with a readily available, internationally experienced talent pool.





A pandemic-era surge saw over 15 lakh (1.5 million) Non-resident Keralites are returning to the state—the single largest reverse-migration event in Kerala's history.

The visual shows the district-wise distribution of return migrants to Kerala, with Malappuram recording the highest share at 19.1%, followed by Kannur at 11.8% and Kollam at 11.3%. Ernakulam and Kozhikode account for 7.9% and 7.6%, respectively.

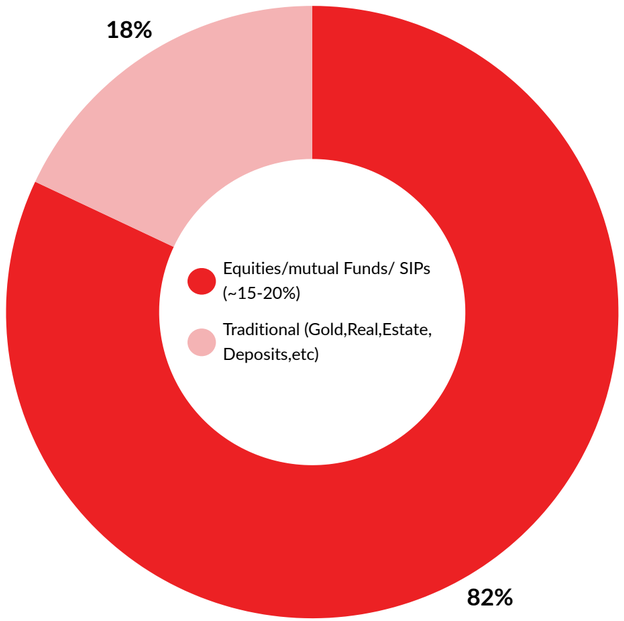
Notably, the top five districts together account for over 57% of all return migrants, with northern and central Kerala districts emerging as the primary destinations for returning professionals.



8.3 Coming Full Circle: From Remittance to Investment & Talent

The diaspora is shifting from being pure remitters to active investors, while returnees bring specialized skills that are reshaping Kerala's industrial and entrepreneurial base.

Where Annual Remittances Now Flow



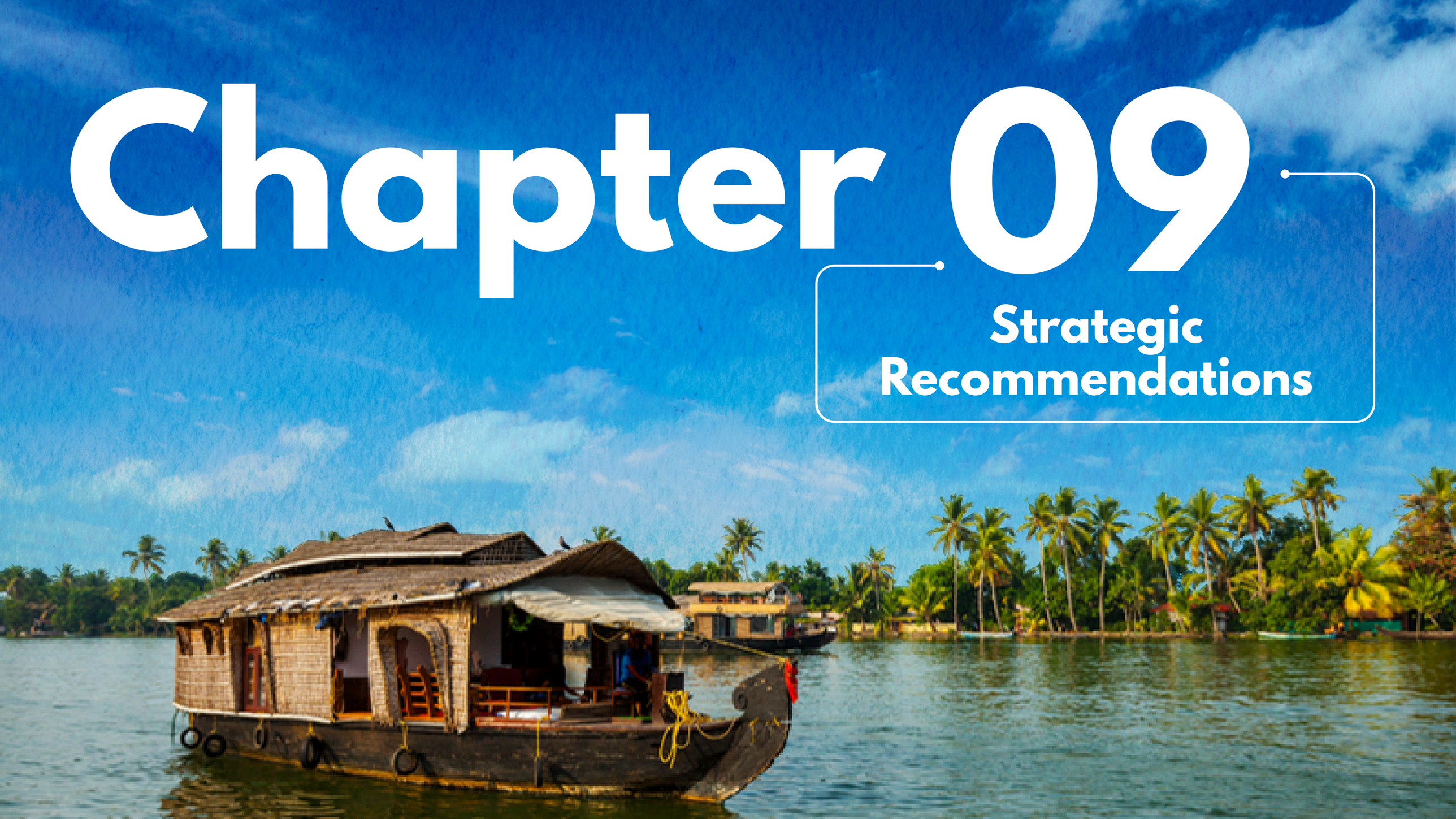
Metric	Outcomes
Expertise from Overseas	UAE returnees bring business, finance & entrepreneurship skills
Diversified Skill Sets	Global returnees strengthen civil, mechanical & industrial sectors
Sectors Targeted	IT, healthcare, tourism, education, entrepreneurship
Policy Ask	Tax-free, non-convertible bonds proposed for infra funding

The visual illustrates a significant shift in the utilization of Kerala's annual remittances, with 15-20% now flowing into equities, mutual funds, and SIPs, marking a departure from the traditional 82% allocation to gold, real estate, and bank deposits.

This transition reflects the diaspora's evolving role from pure remitters to active investors, channeling capital into productive financial assets that can fuel Kerala's technology and GCC infrastructure growth.

Chapter 09

Strategic Recommendations



01

Lead with Retention & Quality of Life: Position Kerala's 10-15% lower attrition and SDG Index ranking as operational advantages, not lifestyle footnotes. Quantify replacement cost savings (1.5–2x annual salary) in every investor pitch.

02

Quantify Total Cost of Ownership (TCO): Package real estate (₹60–85/sq. ft.), payroll (22.5% savings), power (sub-₹6.5/unit), and fiscal incentives (₹50 crore capex subsidy) into a single TCO comparison against Tier-1 metros.

03

Target AI, R&D & Semiconductor GCCs: Focus outreach on enterprises scaling AI, R&D, semiconductor design, and product engineering, where Kerala's IIT Palakkad, Maker Village, Super Fab Lab, Space Park, and Defense Park provide direct relevance.

04

Leverage Existing Anchor Tenants: Use IBM, Allianz, EY, Nissan Digital, and Cognizant as reference accounts to de-risk site-selection decisions for prospective GCCs.

05

Promote Satellite Parks for Scalability: Offer investors a portfolio of location options: Cyberpark (Kozhikode), Infopark Thrissur (80+ companies), and Technopark Kollam (₹30–35/sq. ft.) for cost-effective expansion beyond Kochi and Thiruvananthapuram.

06

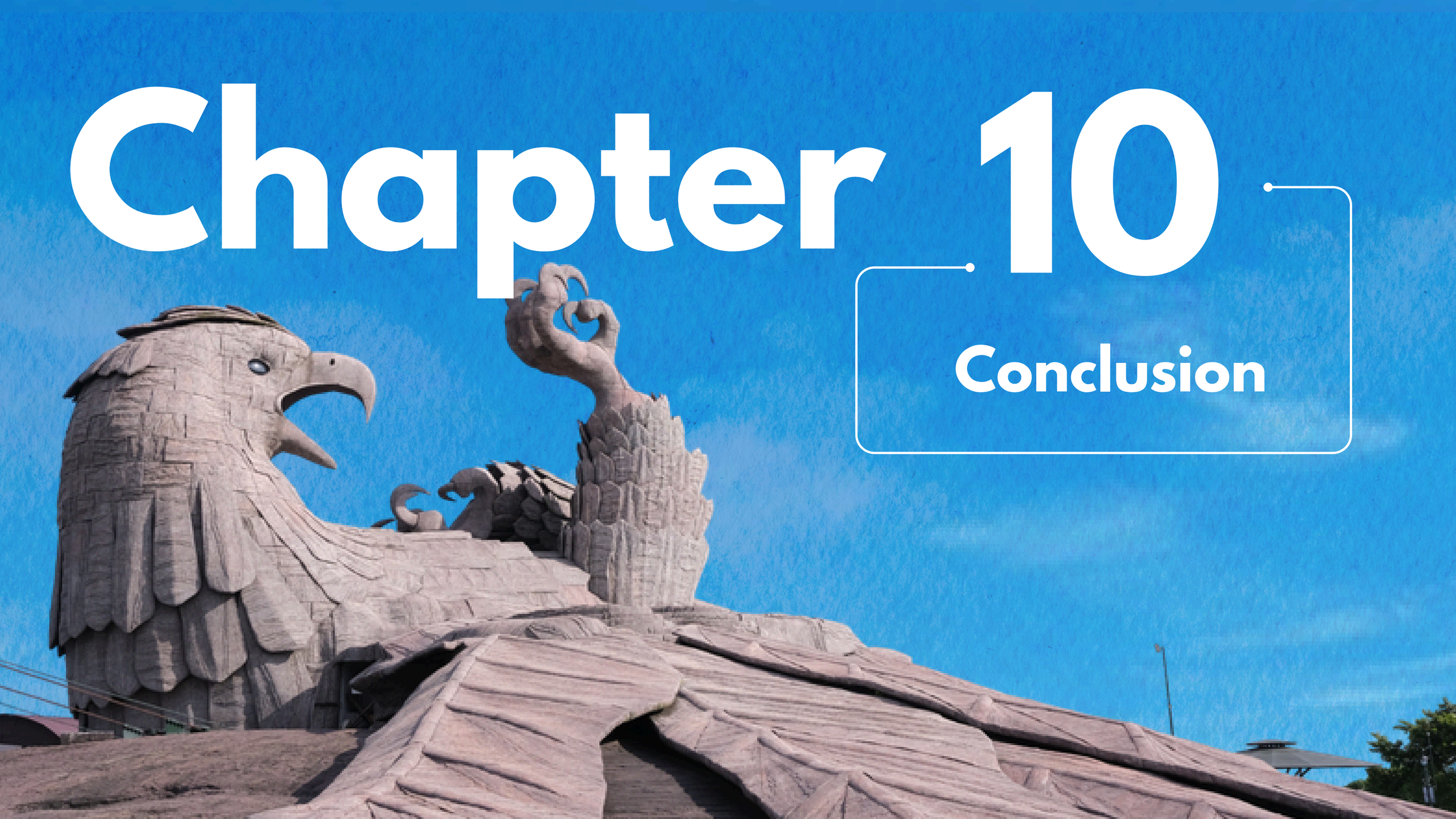
Leverage the "Homecoming" Narrative: Target Gulf-based multinationals and diaspora investors by highlighting 52% of returnees from the UAE and ₹2.16–2.5 lakh crore in annual remittances, positioning Kerala as a culturally fluent, globally ready talent hub.

07

Support Infrastructure Expansion: Advocate for accelerated development of 3 crore sq. ft. of IT space, the AI Native City at Infopark Phase 3, and the Vizhinjam Growth Corridor to meet 2030 GCC targets.

08

Sustain Policy Engagement: Establish a quarterly GCC Policy Dialogue with the Kerala government to provide investor feedback, monitor policy implementation, and advocate for refinements (visa processes, data center capacity, and talent partnerships).



Chapter 10

Conclusion

Kerala is not a cheaper alternative to India's saturated tech hubs. It is a fundamentally different value proposition.

The numbers make the case. **Talent has grown 172% in five years,** with the highest density of tech-ready professionals in India and attrition 10–15 points below Tier-1 metros have a retention edge rooted in **Kerala's #1 SDG ranking, 94% literacy, and an AQI of 26 versus 100+ in comparable cities.**

The economics reinforce it: Grade-A office space at **₹60–85/sq ft versus ₹105–135** in Bengaluru's GCC corridor; payroll costs are **22.5% lower** across seniority levels; industrial power is under **₹6.5/unit;** and fiscal incentives, SGST reimbursement, stamp duty waivers, and capital subsidies up to **₹50 crore/year** make the savings structural, not temporary.

Infrastructure is already built: three IT parks housing **500+** companies and **150,000 professionals;** 100% Gram Panchayat fiber connectivity; and a government that's gone from 28th to top-achiever EoDB status while targeting **40→200 GCCs and 40,000→200,000 jobs by 2030.**

And Kerala has something no cost comparison captures: a **"legacy and homecoming"** story, with **52%** of returning professionals arriving from the UAE alone, a diaspora shifting from remitters to active investors in the state's own transformation.

What sets Kerala apart is coherence. Its economics hold because its workforce doesn't churn; its infrastructure scales because execution has kept pace with ambition; its livability isn't a footnote; it's the mechanism behind retention. Each pillar reinforces the others, which is what separates a genuine destination from a temporary arbitrage play.

For enterprises building the next generation of AI, R&D, and engineering-led GCCs, Kerala offers a differentiated, de-risked, future-ready alternative to saturated Tier-1 markets.

Kerala is not just ready. Kerala is rising.



Chapter 11

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