



PERSPECTIVES

Analyzing the Growth Trajectory of India's Global Capability Centres

Our perspectives feature the viewpoints of our subject matter experts on current topics and emerging trends.

INTRODUCTION

A Global Capability Centre (GCC) is a strategic unit of a multinational company that operates in different countries. It allows the company to tap into the talent and skills of local workers in places like India, Colombia, China, Poland, and more. These workers can collaborate with their counterparts in other regions, such as the US, UK, and Norway. This way, the company can reduce its costs and improve its quality by leveraging the diverse and capable workforce. A GCC also helps the company align its objectives and make the best use of its human resources in the emerging markets.

GCCs have been growing not only in India, but also in other developing countries. India, as the fifth largest economy in the world and expected to be the third largest by 2030, has a significant role to play in the GCC market. India has positioned itself as a preferred destination for many multinational companies that recognise the potential of India and its skilled workers.

This article provides a detailed analysis examining the growth trends of GCCs and the opportunities and challenges that lie ahead.

TRACKING THE GROWTH OF GCCs

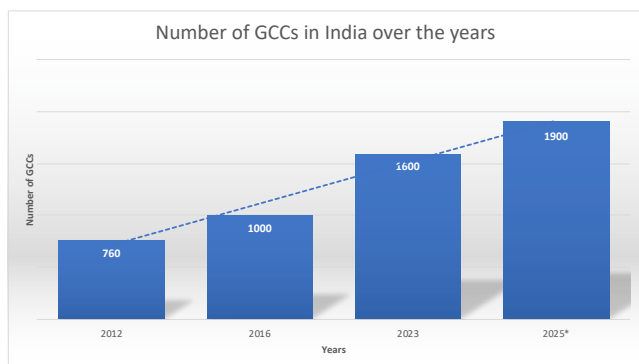


Figure 1 - The increase in GCCs in India over the past few years. Source: [PWC](#) 2023.

The chart above shows the number of GCCs in India from 2010 to 2020. GCCs are offshore units of multinational

companies that operate in different countries and collaborate with the parent company. As we can see, the number of GCCs in India has increased significantly in the last decade, from 750 in 2010 to 1,750 in 2020. This shows that India has an enormous potential for GCCs, as it offers a large and skilled workforce, cost advantages, and a favourable business environment.

According to a leading business publication, the IT sector has the most GCCs in India, accounting for 45% of the total GCCs in 2020. The IT sector will continue to dominate the GCC market, as it provides services such as software development, cloud computing, data analytics, and artificial intelligence. The continued growth of GCCs in India will depend on how they cope with the rising demand for their services and how they diversify across different sectors, such as financial services, manufacturing, healthcare, and consulting.

The following pie-chart shows the current distribution of GCCs by sector in India. As we can see, the IT sector has the largest share, followed by financial services and banking, which has 20% of the GCCs. The other sectors have smaller shares, but they also contribute to the GCC growth in India.

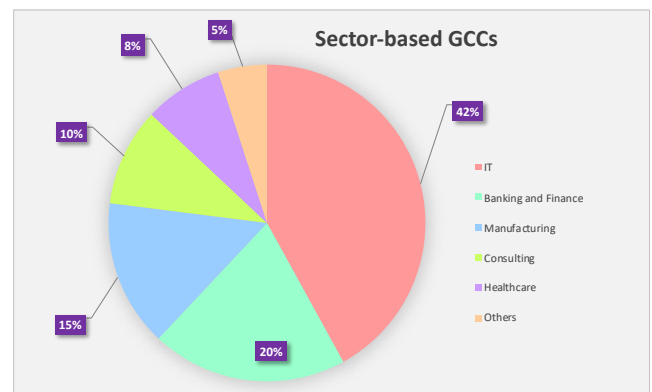


Figure 2 - Sector diversification of GCCs in India. Source: [Economic Times](#) December 2023.

The IT sector has been the main driver of the GCC growth in India for a long time. This opens up opportunities for small and medium-sized companies to join this thriving industry and invest in GCCs in India. The second largest sector is the financial services and banking, which is also expanding steadily in India. The other sectors are also part

of the GCC growth story in India, as we can see from their shares. These sectors include manufacturing, consulting, healthcare, and others.

CONCLUSION: THE FUTURE OF GCCs IN INDIA

GCCs in India are expected to grow to a USD 110 billion market by 2030¹, with 2,400 to 2,550 GCCs operating in the country. They will continue to dominate the IT sector, but also diversify across other sectors such as financial services, manufacturing, healthcare, and consulting.²

However, GCCs will face some challenges such as retaining talent, developing leadership, and adapting to cultural and structural differences³. Other obstacles will include empowering GCCs to take more ownership and responsibility of their increasingly influential economic roles, determining how to leverage India's cost and talent advantages, and exploring the potential of India's small cities.

Even so, the future of GCCs in India looks bright, as more sectors and companies join this dynamic industry.⁴ GCCs can help the local workers gain exposure to global best practices, technologies, and markets, and increase their productivity and quality. By creating employment opportunities, enhancing skills and competencies, and fostering innovation and entrepreneurship, GCCs can

have a positive impact on the local job market and local economies, and as a result, contribute to social and environmental progress throughout India.

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¹ [India GCC market size to reach US\\$110b by 2030: EY report](#)

² [Vision 2024 for Global Capability Centers in India | Zinnov](#)

³ [New GCCs set up and existing GCCs expansion in India – An overview | nasscom | The Official Community of Indian IT Industry](#)

⁴ [Global Capability Centers in India: A pillar of strength in India's holistic socio-economic progress | nasscom | The Official Community of Indian IT Industry](#)