



From Outsourcing to Outpacing: India's GCCs Lead the Next Global Revolution

NEW INDIA SAMACHAR RESEARCH TEAM

India has outperformed its global counterparts as a prime destination for Global Capability Centres (GCCs), hosting over half of the world's GCCs with 1,800 centres. Employing over 19 lakh people, the sector's market size has surged to \$60 billion in 2022-23, reflecting an 11.4 per cent annual growth rate. GCCs drive significant economic impact, yielding \$3 for every dollar invested and creating five times more jobs in the local economy. Supported by initiatives like Ease of Business, Make in India, and Digital India, India's rise as a global hub for GCCs is the result of a meticulously crafted strategy. The introduction of SPICE+ and the Jan Vishwas Act has further enhanced the business-friendly environment. India stays ahead of competitors like Malaysia, Vietnam, and the Philippines due to its robust GCC ecosystem, advanced infrastructure, and abundant skilled workforce. This surge has fuelled growth in real estate, hospitality, retail, and transportation, transforming these regions into thriving business hubs.

India has solidified its status as the Global Capability Centre (GCC) capital, hosting over half of the world's GCCs with 1,800 centres.¹

Global Capability Centres (GCCs) operate as captive hubs overseeing global functions

for companies for a diverse range of activities, including analytics, technology support, product development, and innovation.

With over 19 lakh people employed, India's capability to deliver high-value services on a global scale has been catapulted.

The sector's market size has grown to \$60 billion in 2022-23, up from \$19.6 billion in 2014-15, reflecting an 11.4% annual growth rate as per a Nasscom-KPMG report.²

GCCs are the powerhouse multipliers, yielding \$3 for every dollar invested and driving job creation at five times in the local economy for every job created in the GCC.³

India has outperformed its global counterparts as a prime destination for Global Capability Centres (GCCs). It offers unmatched talent and ease of doing business. Its rise as a global hub for GCCs is no accident.

It is the result of a meticulously crafted strategy paying off.

How the Centre Leveraged the Opportunity for National Growth⁴

The rapid growth of GCC reflects India's business-friendly environment. Initiatives like Ease of Business, Make in India and Digital India align perfectly with GCC needs. The nation's digital proficiency was also stepped up.

Ease of Business

- SPICe+ (Simplified Proforma for Incorporating Company Electronically) introduction has made the company registration process smoother, cutting down on time and effort.⁵
- In 2024, the introduction of the *Jan Vishwas*



India as the GCC capital of the world



GCCs in India from outsourcing to outpacing

(Amendment of Provisions) Act played a key role in reducing compliance burdens.

- This Act decriminalised 183 provisions across 42 central acts managed by 19 ministries, promoting a more business-friendly environment by simplifying rules for entrepreneurs.⁶

Make in India

- GCCs benefitted from India's Foreign Direct Investment (FDI) policies, which allow 100% foreign ownership in many sectors to invest and operate independently.
- The establishment of Special Economic Zones (SEZs) and technology parks has allowed companies to benefit from tax exemptions, such as a 100% income tax exemption on export profits for the first five years, promoting cost efficiency.

Digital India

- Skill India Digital was introduced in 2023 to coordinate the joint efforts of the centre and state to ensure Indian youth are imparted future-ready skills.
- Partnership with private organisations and higher education institutions to upgrade training in digital skills.
- Ministry-level interventions were done to upgrade the AI ecosystem, adding more pace to the initiatives.

"India's GCCs are not only growing in number but also in complexity and strategic importance. Over the past 5 years, more than half of these centres have evolved beyond traditional service roles to operate as portfolio and transformation hubs, integrating a broad scope of high-impact functions."¹⁰

- NASSCOM White Paper,
November 2024

This combination of regulatory relaxations, incentives, and an abundant skilled workforce has enabled India to stay ahead of the game of competitors.

India Became The Choice; For Competitiveness And Value Delivery Beyond Cost Advantage

It has led us to the decade when GCC's competitive advantage has been more pronounced in India due to their ability to move up the value chain, swiftly transforming into innovation hubs and Centres of Excellence (CoEs), concentrating on high-value functions like R&D and IP creation. This competitive advantage enabled competitive compensation at the global level. GCCs are transitioning from cost centres to profit centres.

Facilitated Strategic Geographical Expansion

Many Tier 2 and 3 cities, such as Ahmedabad, Kochi, Visakhapatnam, Jaipur, and Coimbatore, emerged as ideal destinations for MNCs to establish their GCCs. These cities met the lower operational cost requirements of global corporations. The opportunity to tap into a quality, diverse talent pool added more benefits.

It was a win-win situation as this move catalysed local economic growth in these cities, fuelling demand for goods and services and creating a robust ecosystem for innovation and development.

Standout from Competition

India stays ahead of its competitors such as Malaysia, Vietnam, and the Philippines as⁷:

- India leads with a robust and thriving GCC ecosystem, while Malaysia, Vietnam, and the Philippines are still in the growth phase.

- With advanced physical and digital infrastructure, including high-speed internet and state-of-the-art office spaces, India is well-equipped to meet GCC needs.
- Malaysia and Vietnam's sole advantage is restricted to competitive labour costs.
- The Philippines has not been able to rise above offering BPO services.
- Malaysia and Vietnam struggle with talent production relative to that of India.⁸

This surge has fuelled growth in real estate, hospitality, retail, and transportation, transforming these regions into thriving business hubs. Collaborations with startups, universities, and research institutions have further integrated GCCs into local ecosystems, fostering innovation and harmonious operation. The rapid set-up rate, driven by talent availability, cost advantages, and a supportive ecosystem, solidified its dominance. □

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