4. Global Capability Centres - Economy

As India's IT services industry has entered a hiring slowdown, the Global Capability Centres continue to expand employment, highlighting a structural shift from client-driven outsourcing to enterprise-led capability building

Global Capability Centres (GCCs)

Global Capability Centres (GCCs) are captive offshore units established by multinational corporations (MNCs) to perform core, high-value functions for the parent enterprise. Unlike traditional outsourcing arrangements, GCCs are fully owned and controlled by the parent company and are deeply embedded in its global operating model. In India, GCCs have evolved from back-office and cost-arbitrage centres into strategic nerve centres responsible for

1. Enterprise-wide research and development (R&D)
2. Artificial Intelligence (AI) and data platform ownership
3. Digital product engineering and cloud-native architecture
4. Cybersecurity, risk analytics, and global compliance
5. Innovation management and intellectual property creation

Illustrative Examples

Goldman Sachs – Bengaluru GCC- Handles global technology platforms, quantitative risk models, and advanced analytics.

HSBC – Pune GCC- Focuses on AI-led banking solutions, cybersecurity, and digital transformation of global operations. Other major GCC contributors include MNCs in banking, pharmaceuticals, semiconductors, automotive, aerospace, and Big Tech.

Key Trends Highlighting GCC Dominance in India

Hiring Momentum Despite IT Services Slowdown- In 2025, leadership hiring growth

1. Traditional IT services firms- ~2.4%
2. GCCs- ~7.7%

This divergence reflects the structural resilience of GCC-driven hiring compared to the cyclical nature of IT services employment.

Expansion Beyond Tier I Metros- GCC growth is no longer restricted to Bengaluru, Hyderabad, Pune, and Chennai. Rapid expansion in Tier II and Tier III cities such as

1. Nagpur
2. Indore
3. Coimbatore
4. Kochi

These centres are witnessing 8–9% quarterly growth, leading to

1. Decentralisation of high-skilled employment
2. Reduced congestion and cost pressures in metro cities
3. More balanced regional development aligned with inclusive growth goals

Strategic, Long-Horizon Talent Planning- GCCs operate on 3–5-year capability-building roadmaps, focusing on

1. Deep skill accumulation
2. Leadership pipeline development
3. Long-term technology ownership

In contrast, IT services firms typically depend on

1. Quarterly demand cycles
2. Client-driven project wins and losses

This gives GCCs greater workforce stability and lower attrition volatility.

Premium and Diversified Employment Generation- GCCs offer 12–20% higher compensation than traditional IT services firms due to

1. Advanced skill requirements
2. Ownership of mission-critical systems

Employment impact extends beyond white-collar roles-

1. Blue-collar and infrastructure roles (facility management, data centre operations, security, logistics)
2. Estimated 2.8–4 million additional jobs by FY2030 through direct and indirect channels

GCCs Are More Resilient Than IT Services Firms

Structural Differences- IT services firms

1. Depend heavily on external client spending
2. Are vulnerable to global IT budget cuts and discretionary tech slowdown
3. Exhibit sharp hiring freezes during downturns

GCCs

1. Are integral internal units of global enterprises
2. Continue hiring even during slowdowns to protect core enterprise capabilities
3. Are insulated from deal-cycle volatility

Strategic Mandate Advantage- GCCs focus on

1. Long-term capability creation, not short-term billing
2. Enterprise AI, digital platforms, product ownership, and core IP

This makes them

1. Less cyclical
2. More resilient to global demand shocks
3. Central to parent firms' future competitiveness

Impact of the GCC-Led Shift on India

Economic Impact- GCC expansion is pushing India up the global value chain

1. From cost-based outsourcing
2. To innovation-driven, high-value digital services

Strengthens India's position as a knowledge and technology hub, not merely a service provider.

Employment Impact- Creation of stable, long-term technology jobs with clearer career progression. Lower hire-and-fire cycles compared to traditional IT services employment. Encourages deep specialisation rather than generic skill deployment.

Regional Development Impact- Tier II and Tier III GCC clusters

1. Reduce migration pressure on metros
2. Improve local urban ecosystems (housing, education, healthcare)
3. Support cooperative federalism by spreading growth across states

Skill and Innovation Impact- GCCs are transitioning from execution centres to

1. Global R&D hubs
2. Enterprise AI labs
3. Digital platform owners

This

1. Strengthens India's innovation ecosystem
2. Enhances domestic talent quality
3. Integrates India into global technology creation networks, not just delivery chains

Strategic and Geopolitical Impact- Hosting critical enterprise capabilities enhances India's

1. Strategic relevance in global digital and data value chains
2. Role in shaping future standards for AI, cybersecurity, and digital governance

GCC concentration complements India's ambitions in

1. Digital public infrastructure

2. Semiconductor and electronics ecosystems
3. Trusted global technology partnerships

Way Ahead- Structural Transformation Underway

India's technology job market revival is being driven not by a rebound in traditional IT services, but by steady GCC expansion. This represents a structural shift, where India is increasingly viewed as-

1. A strategic innovation partners
2. A hub for enterprise AI and digital leadership
3. A long-term capability base for global corporations

Source- https://www.thehindu.com/business/gccs-keep-indias-tech-job-market-alive-even-as-it-services-industry-embarks-on-a-hiring-moratorium/article70437198.ece