6.Global Capability Centres- International Relation

India's leap, from back office to global brain trust

India's Global Capability Centres (GCCs) have evolved from cost-saving back offices into strategic innovation hubs, contributing $68 billion to the economy with a projected rise to 5,000 centres by 2030. However, sustaining this exponential growth requires addressing widening talent gaps and regulatory hurdles through the proposed National GCC Policy Framework and tax reforms.

1. Context

Catalyst for Growth- The boom in Global Capability Centres (GCCs) has catalyzed high-value employment and regional development across the Indian population.

Shift in Role- These centres are no longer just back-office support units but have emerged as primary drivers of value creation and innovation for global organizations.

2. Understanding Global Capability Centres (GCCs)

Definition- Also known as Global In-house Centres (GICs) or Captives, GCCs are offshore centres established by global multinational corporations (MNCs).

Primary Function- They operate as internal units within the global corporate structure to provide specialised services to their parent organisations.

Scope of Work- Services range from IT support and customer service to high-end Research and Development (R&D), engineering, and business process management.

Evolution of GCCs

Feature	Traditional Model (Past)	Modern Strategic Model (Present)
Primary Objective	Cost Arbitrage (Saving money on labor)	Value Creation & Innovation
Focus Areas	Back-office operations, basic IT support	R&D, AI/ML, Product Development, Digital Transformation
Status	Cost-saving centres	Strategic Hubs for global operations

3. India's GCC Landscape- Current vs. Future Potential

Current Status

Number of Centres- India hosts more than 1,800 GCCs.

Workforce- Employs approximately 2.16 million professionals.

Economic Contribution- Contributes about $68 billion in direct Gross Value Addition (GVA).

GDP Share- Accounts for roughly 1.8% of India's GDP.

Projections (CII Framework 2030)

Parameter	Current Status	2030 Projection
No. of Centres	~1,800	~5,000
Direct GVA	$68 Billion	$154–199 billion
Overall Impact	-	$470–600 billion (Direct + Indirect)
Total Jobs	2.16 million	20–25 million
High-Quality Roles	-	4–5 million (AI, Cyber, Engineering R&D)

4. Drivers of GCC Growth in India

Talent Hub-

1. India is globally renowned for its diverse talent pool with expertise in IT, engineering, analytics, and finance.
2. This skilled workforce enables the execution of high-value, complex projects.

Technological Innovation-

1. Rapid adaptation of advanced technologies like Machine Learning (ML), AI, Internet of Things (IoT), and Blockchain.

2. GCCs use these technologies to digitally transform parent companies.

Strategic Focus-

1. MNCs now view India not just as a cost-saving destination but as a strategic asset.
2. These hubs drive growth, improve operational efficiency, and provide competitive advantages globally.

Government Support-

1. Initiatives like the Digital India Campaign and reforms improving the "Ease of Doing Business" have created a favourable ecosystem.

5. Challenges Facing the Sector

Widening Talent Gap-

1. Supply-Demand Mismatch- Demand for niche skills (AI security, cloud architecture, quantum-resistant cryptography) vastly outstrips supply.
2. Wage Inflation- A fierce war for talent is driving up costs, potentially eroding the traditional value proposition of India.

Cyber Security Threats-

1. High Risk- India-based centres handle 13.7% of global cyber-attack incidents.
2. Cost Implications- Threats of state-sponsored espionage and IP theft have made cybersecurity the most expensive operational mandate.

Global Tax Reforms (OECD Pillar Two)-

1. **Reduced Advantage-** The introduction of a Global Minimum Tax of 15% reduces previous tax arbitrage benefits.
2. **Fiscal Concerns-** Companies are worried about tax certainty, especially given India's existing 24% Safe Harbour markup for software R&D.

Geopolitical Volatility-

1. **Trade Risks-** Protectionism and US tariff volatility (as of early 2026) pose long-term investment risks.
2. **Reshoring-** Policies in Western nations are encouraging MNCs to move critical data operations back to home markets.

Digital Sovereignty-

1. The shift toward "Digital Sovereignty" in Western nations could slow down new GCC setups despite India's scale advantage.

6. Way Ahead

Policy Transition- Policymakers must shift their role from being regulators to active facilitators.

National GCC Policy Framework-

1. Proposed in the 2026-27 Budget cycle.
2. Aims to guide states in promoting GCCs, specifically in emerging Tier-2 cities.

Single-Window Clearance- Introduction of a streamlined system specifically for GCCs to ease the establishment of legal entities.

Fiscal Certainty-

1. Rationalising transfer pricing norms.
2. Providing tax safe harbours for R&D-intensive operations to meet global board demands.

Sustaining the Revolution-

1. Foster deeper Industry-Academia collaborations to upskill the workforce in deep tech.
2. Offer capital subsidies to encourage expansion into Tier-II cities.

Source- https-//www.thehindu.com/opinion/op-ed/indias-leap-from-back-office-to-global-brain-trust/article70663904.ece