India’s GCC Boom: Strategic Asset or Risky Overconcentration?

India is rapidly emerging as a global hub for Global Capability Centers (GCCs), which are no longer mere support outposts but critical engines of innovation, transformation, and strategic value creation. As these centers evolve into digital twins of their global headquarters, they are reshaping enterprise operations, decision-making, and innovation at scale. Yet, amid this explosive growth, a hidden risk is emerging: the overconcentration of GCCs in Tier 1 cities threatens long-term resilience and sustainable value. This article explores India’s booming GCC landscape, its innovation ecosystem, and the urgent need for a more balanced, future-ready approach to unlock the full potential of this strategic shift.

From Support Centers to Strategic Digital Twins

Global Capability Centers (GCCs) have evolved significantly, propelled by rapid advances in technology and increasing global demand for digital skills. Today, these centers are no longer limited to support functions; they are becoming strategic assets that function as “digital twins” of their headquarters. This means GCCs are capable of mirroring end-to-end operations with precision, enabling real-time, synchronised execution of business processes. This transformation has resulted in more agile and responsive organisations, where GCCs serve not just as operational hubs but as innovation partners that shape and influence enterprise-wide outcomes.

By leveraging advanced technologies and integrated data systems, GCCs are bridging long-standing silos between global headquarters and offshore teams. This enhanced operational symmetry allows for faster decision-making, improved collaboration, and greater resilience. As organisations pivot toward a digital-first model, GCCs are becoming central to driving change and executing strategy at scale.

India’s Rise as a Global GCC Powerhouse

In recent years, GCCs have evolved into dynamic centers of excellence across a wide array of advanced domains, such as AI/ML, Data Analytics, Cloud Computing, Augmented Reality and Virtual Reality (AR/VR), Robotic Process Automation (RPA), the Internet of Things (IoT), and Blockchain technology. Through these capabilities, Indian GCCs are not only streamlining internal operations but also enabling their parent companies to innovate and remain competitive globally.

The next generation of GCCs is anticipated to push boundaries even further, offering sophisticated autonomous decision assistance and enhanced decision intelligence

powered by AI. Indian GCCs, specifically, serve as indispensable hubs for overseeing a diverse range of organisational operations. This shift requires more than just technological competence—it demands the cultivation of leadership, cross-functional expertise, and a culture of innovation. Global leaders embedded within Indian GCCs are playing a key role in this evolution by aligning local operations with strategic global priorities and fostering a more collaborative, future-focused approach to problem-solving. This evolution demands not only technical expertise but also strong local leadership—an area explored in greater depth later in the article.

Booming GCC Landscape

India's GCCs have undergone remarkable growth and transformation over the past five years, establishing themselves as key players in the global business ecosystem. As of fiscal year 2024, the total number of GCCs has surged to over 1,700 (projected to be over 2,400 GCCs over a 2.8 million workforce and the revenue of $105 billion by 2030), with nearly 2,900 operational units spread across the country. These centers are projected to generate an impressive revenue of approximately $65-70 billion and employ more than 1.9 million individuals. A significant portion of the workforce, over 42%, is engaged in Engineering Research and Development (ER&D), which underscores the country's strong emphasis on innovation and technical excellence. Furthermore, 34.5% of the talent pool is dedicated to Business Process Management (BPM), reflecting the critical role these centers play in enhancing operational efficiencies. An additional 23.4% of the workforce is involved in IT services, a sector that continues to thrive and evolve in response to global demands. The software, internet, and Banking, Financial Services, and Insurance (BFSI) sectors collectively account for about 58% of the talent within India's IT GCC landscape, highlighting the importance of these industries in driving growth and fostering technological advancements.

Looking ahead, India's GCC market is expected to reach over $100 billion in value by 2030, with the workforce projected to exceed 2.5 million professionals. More than half of all GCCs are on track to become portfolio and transformation hubs that align closely with the long-term strategic objectives of their parent organisations. Notably, there has been a significant increase in the representation of women in global roles, with female leadership positions growing at an impressive 40% compound annual growth rate over the past five years—an encouraging sign for inclusivity and diversity in the workforce.

India's Innovation Ecosystem and IP Growth

India's higher education system plays a crucial role in feeding the talent engine that powers its GCC ecosystem. With over 5,000 engineering and technology colleges producing 1.5 million graduates annually, India provides one of the world's richest and

most diverse technology talent pools. This educational backbone contributes to the country's position as having the lowest demand-supply gap for tech talent—just 22%—among major global markets, including the United States and the United Kingdom.

The talent pool is impressive, comprising over 120,000 skilled professionals specialising in AI and ML. These experts collaborate with more than 190 dedicated AI/ML Centres of Excellence (CoEs), which play a crucial role in developing targeted use cases that drive innovation. Moreover, the more mature GCCs are further honing their skills in full-stack development, positioning themselves at the forefront of technological advancement and increased operational efficiency. This comprehensive approach not only enhances their service offerings but also empowers them to tackle the challenges of tomorrow's digital economy.

India's vibrant startup ecosystem also enhances its appeal as a GCC destination. The synergy between startups and GCCs is creating a dynamic environment for co-innovation, especially in areas like R&D and IP generation. This is evident in the surge of intellectual property registrations. According to the World Intellectual Property Organisation (WIPO), India ranked sixth globally in patent filings and fifth in trademark applications in 2024. The country registered a total of 496,293 IP filings in 2023, trailing only behind innovation powerhouses like China, the U.S., and Russia.

While many top countries experienced a decline in trademark filings in 2023, India was among the few that saw a year-over-year increase, with a 6.1% growth driven by both local and international applicants. This reflects growing confidence in India as a viable innovation and IP protection hub. In contrast, countries such as Japan, Turkey, and the U.S. witnessed declines in filings, highlighting India's upward trajectory in the global innovation landscape.

Government Support and Policy Push

While India's innovation and talent ecosystem forms a strong foundation, supportive policies are now amplifying this momentum by enabling the infrastructure and governance needed for sustained GCC growth. Among the more than 1,700 GCCs established across the country, approximately 75% chose India to strengthen their talent acquisition strategies. Infrastructure development among Tier-2 locations such as Ahmedabad, Chandigarh, Coimbatore, Guwahati, Indore, Jaipur, Kanpur, Lucknow, Nagpur, Vadodara, and Visakhapatnam step in the right direction that is likely to promote balanced growth and prevent over-concentration in Tier 1 cities. The rapid digitalisation and widespread adoption of cloud technologies serve as crucial growth catalysts for these centers, with projections suggesting that 8% of GCCs will

dramatically expand their workforces, more than quadrupling their employee count by 2023 and generating over 350,000 new jobs.

Government policy at the state level is further accelerating GCC growth in India. Karnataka has taken the lead by introducing the first dedicated GCC policy, providing a structured framework for infrastructure development, incentives, and business support. Other states such as Tamil Nadu, Maharashtra, Uttar Pradesh, Telangana, and Gujarat are also developing their own policies to attract and retain GCC investments. This policy momentum is enhancing India's credibility as a reliable partner for global business. The government's emphasis on enhancing product testing, compliance, and certification capabilities demonstrates a forward-looking approach to meeting international business needs. By aligning regulatory frameworks with industry expectations, India is solidifying its role as a trusted global innovation hub. However, this rapid growth is not without its challenges. One of the most pressing issues now emerging is the overconcentration of GCCs in Tier 1 cities.

Red Flag: Is Overconcentration in Tier 1 Cities Risking Resilience?

Despite India's many advantages, the rapid and concentrated expansion of GCCs into a handful of Tier 1 cities raises a strategic red flag. An estimated 92% of new GCCs are located in cities such as Bengaluru, Mumbai, Pune, Hyderabad, and Chennai. While these cities offer a deep talent pool and robust infrastructure, overconcentration poses risks related to scalability, sustainability, and business continuity.

This trend is often driven by the persistent focus on cost arbitrage, even if it's not openly acknowledged. When GCCs are viewed primarily as cost centers, organisations tend to underinvest in leadership, governance, and long-term resilience. As a result, hiring may outpace the development of sound operating models or integration with global business functions. This creates systemic fragility, particularly in times of disruption.

Organisations must recognise that the issue is not India's capacity, but the lack of diversification and strategic foresight. Instead of prioritising speed and cost savings, companies must adopt a more balanced and long-term approach that includes risk mitigation and operational flexibility.

Key Enablers for Long-Term GCC Success

1. **Location Strategy Roadmap -** A successful GCC depends on more than just choosing the right city—it requires a comprehensive location strategy that aligns with broader business goals. Organisations should evaluate cultural fit, workforce availability, cost of hiring, and potential return on investment. Beyond city-level selection, it's

essential to assess factors such as transportation access, supply chain logistics, and proximity to support services.

Even within a city, the neighbourhood matters. Business-friendly zones with reliable utilities, employee amenities, and efficient transport options can significantly enhance operational efficiency. Such nuanced evaluation ensures the selected site supports long-term scalability and aligns with organisational priorities.

2. **Leadership Development in Emerging Hubs** - As GCCs expand into Tier 2 cities, finding capable leadership becomes a growing challenge. Over the years, talent migration to Tier 1 metros has left a leadership vacuum in smaller cities. Identifying and nurturing strong local leadership is crucial for sustaining operations and building credibility within global teams.

Organisations need to adopt focused leadership development strategies, including internal mentorship programs and partnerships with local institutions. This will ensure a steady pipeline of professionals who can navigate complex business environments and represent their centres on a global stage.

3. **Brand Positioning for Talent and Market** - Given India's competitive job market, GCCs must work proactively to distinguish themselves as employers of choice. Many engineering graduates are drawn to big-brand IT and tech firms, so GCCs need to invest in branding, marketing, and employee value propositions that highlight their innovation, career growth, and global exposure.

The recent wave of attrition in the tech industry has ironically boosted the visibility of GCCs, helping them attract a wider talent pool. By positioning themselves as centres of cutting-edge work, GCCs can compete more effectively for top-tier talent.

4. **Bridging the Talent Supply Gap** - Despite the large number of graduates, a mismatch between academic training and industry needs continues to create a skills gap. Many academic programs are not designed to meet the evolving demands of GCCs, which now require expertise in AI, automation, cloud, and other frontier technologies.

To bridge this gap, GCCs must collaborate with universities to co-develop curricula, sponsor industry projects, and offer specialised certifications. In parallel, Learning & Development (L&D) programs are being expanded to include a mix of classroom training, online platforms, and continuous learning opportunities. As awareness of GCCs grows, the share of fresh graduates choosing them as employers—currently at around 30%—is expected to rise.

5. **Cultivating a Future-Ready Workforce -** Preparing for future challenges means investing in the workforce today. This includes forging partnerships with top institutions to build cross-functional and interdisciplinary leadership programs. Internship and apprenticeship models must be scaled up, with companies incentivised through reimbursements or tax benefits.

States can play a vital role by supporting the development of skilling programs through specialised Skill Universities, which focus not only on technical training but also soft skills such as communication, collaboration, and problem-solving. Joint research projects between GCCs and academic institutions should be funded to translate academic insights into real-world applications, strengthening the industry-academia linkage. These strategic enablers form the bedrock for building long-term resilience, which must now be embedded proactively rather than assumed as a natural outcome of scale.

Resilience Must Be Built, Not Assumed

India has proven itself as a global powerhouse for GCCs, offering unmatched talent, infrastructure, and innovation potential. However, the current overconcentration of GCCs in Tier 1 cities, combined with a narrow focus on cost reduction, presents a strategic vulnerability.

The answer is not retreat, but intentional design. Early-stage GCCs must prioritise building resilience into their operational DNA. This includes careful location selection, robust governance, strategic investment in leadership, and long-term alignment with global business goals. By laying a strong foundation, GCCs can transition from cost centers to engines of transformation, catalysing sustainable growth, innovation, and global competitiveness.