

# India's Quiet Trillion-Dollar Bet: Why Global Giants Run Their Brains From Bengaluru

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*Note: the original article is provided as a separate file (attached to the email or downloadable from the website).*

## 1. Reading Passage

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Almost every multinational you've heard of — Amazon, JPMorgan, Mercedes-Benz, Bosch — quietly runs a secret engine room inside India. These offices are called Global Capability Centres, or GCCs: in-house units that perform engineering, finance, analytics and increasingly artificial-intelligence work for the parent company back in Detroit, Frankfurt or New York. They are not call centres, and they are not outsourcing vendors. They are the company itself, just headquartered in Bengaluru, Hyderabad or Pune.

The numbers are striking. According to consultancy Wizmatic, GCC exports from India have grown 2.4 times in six years, rising from \$78.8 billion in fiscal year 2021 to an estimated \$164 billion in fiscal year 2026. Headcount has nearly doubled in the same window, from 2.5 million to 4.2 million people. GCCs now generate roughly 4.4% of India's GDP. Accenture sits at the top of Wizmatic's ranking with \$7.9 billion in annual exports, followed by Capgemini, IBM, JPMorgan and Amazon. Retail and Food — led by players like Walmart — was the fastest-growing vertical in FY25, expanding 24.4%, while IT and IT-enabled services remained the largest slice at 22.5% of total GCC exports.

But here's the catch: GCCs are no longer just about cheap labour. Revenue per employee climbed 24% over the same six-year period, reaching roughly \$46,500 in FY26. That metric is a rough proxy for how skilled the work is, and its rise signals that GCCs are moving up the value chain — doing AI development, chip design and product engineering rather than basic back-office processing. The economic model itself is built around what's called transfer pricing: GCCs charge their parent companies a cost-plus fee regulated by international tax rules, which means revenue is predictable and tied directly to how much sophisticated work they take on.

Industry voices in the source article emphasise that this shift is structural, not temporary. Shalini Pillay of KPMG India argues that mid-sized German firms — the so-called *Mittelstand* — are now exploring Indian GCCs after watching giants like Mercedes-Benz, Renault-Nissan and Honda establish their own. Viswanathan K S, formerly of Nasscom, says the GCC model is shifting from staffing workflows to redesigning them. Sandeep Panat of Wizmatic notes that of the world's roughly 2,000 biggest companies, only about 8 million employees sit in the 10,590 IT and tech firms his consultancy tracks — meaning foreign companies already account for about half of India's tech workforce.

The looming question is AI. Pillay warns that under an AI-driven model, GCCs 'will not need armies of people'. That creates a paradox: exports may keep climbing even as employment growth slows or reverses, because the same work can be done with fewer humans and more software. India's policymakers and corporates are betting that the country can pivot fast enough — training AI talent, attracting higher-value mandates — to keep the engine running even as its fuel mix changes. Whether GCCs become the world's innovation nerve centre or merely its most efficient back office depends on which curve rises faster: revenue per employee, or the headcount it replaces.

## 2. Explanation

*Almost every Fortune 500 company you've heard of – Amazon, JPMorgan, Mercedes-Benz – runs a secret engine room inside India. It's now bigger than India's entire IT exports industry was a decade ago.*

### What's Going On?

Global Capability Centres, or GCCs, are in-house offices that multinational companies set up in India to do their engineering, finance, analytics and AI work – not for Indian customers, but for the parent company back in Detroit, Frankfurt or New York. According to consultancy Wizmatic, GCC exports from India have jumped 2.4 times in six years, from \$78.8 billion in FY21 to an estimated \$164 billion in FY26, while headcount nearly doubled from 2.5 million to 4.2 million people.

GCCs now contribute roughly 4.4% of India's GDP. Accenture tops the list with \$7.9 billion in exports, followed by Capgemini, IBM, JPMorgan and Amazon. The sector's growth – 16.9% in rupee terms this year – is outpacing the broader Indian IT industry that GCCs used to be the junior cousins of.

### How To Think About It

A GCC is the corporate equivalent of a restaurant deciding to run its own farm instead of buying from suppliers. Instead of outsourcing tech work to a vendor like Infosys, the company hires its own engineers in India under its own brand.

- Think of Formula 1: the race car is built in Maranello or Woking, but the wind-tunnel simulations and telemetry analysis often happen at satellite engineering hubs. India is becoming that satellite for the global economy – except now the satellite is starting to design the car too.
- Or think of how Hollywood studios moved special-effects work to Wellington, New Zealand after Lord of the Rings. What started as cheap labour became indispensable creative infrastructure. India's GCCs are following the same arc: cost-cutters in the 2000s, strategic brains by 2026.

### Key Things To Know

- The scale: 4.2 million employees and \$164 billion in exports in FY26 – that's roughly the GDP of Hungary, produced inside Indian office parks.
- The mechanism: GCCs charge their parent companies a 'cost-plus' fee regulated by transfer-pricing rules, so the revenue model is built-in and predictable.
- Fastest-growing vertical: Retail/Food GCCs grew 24.4% in FY25 – Walmart's India centre alone is a top-25 GCC. The biggest slice is still IT/ITeS at 22.5% of total exports.
- Revenue per employee climbed 24% over six years to about \$46,500 – proof that GCCs are moving up the value chain, doing AI and R&D rather than just back-office processing.
- What most people get wrong: GCCs are NOT call centres. The top 25 includes JPMorgan, Goldman-style finance, Bosch automotive software and Qualcomm chip design.

### Why It Matters

If you're 16 and thinking about engineering, finance, design or data science, the company that hires you

might technically be German or American but your office, manager and projects will be in India. That changes what 'working at a multinational' even means. It also reshapes the global job market: AI is automating routine work everywhere, but GCCs are betting that the humans who design and govern the AI will increasingly sit in Bengaluru, Hyderabad and Pune.

## **The Bigger Picture**

The looming question is AI. KPMG's Shalini Pillay warns the model will shift: 'going forward, with AI, they will not need armies of people.' If a GCC of 40,000 engineers can do the same work with 10,000 plus AI agents, the employment story breaks – even as exports keep rising. Watch two things: whether mid-sized German and Japanese firms (the 'Mittelstand') open Indian GCCs as predicted, and whether revenue-per-employee keeps climbing faster than headcount. That ratio is the real scoreboard for whether India is becoming the world's innovation hub or just its most efficient back office.

### 3. Key Terms Glossary

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**Global Capability Centre (GCC)**

An offshore office that a multinational sets up to perform core functions – engineering, R&D, finance, analytics – for itself, rather than hiring an external vendor.

**IT/ITeS**

Information Technology and IT-enabled Services – software development plus services delivered via IT, like customer support or data processing.

**ER&D**

Engineering, Research and Development – designing physical and digital products (cars, chips, medical devices) rather than just writing business software.

**BFSI**

Banking, Financial Services and Insurance – a single industry grouping commonly used in Indian business reporting.

**Transfer pricing**

Tax rules that govern how a company prices internal transactions between its branches in different countries, to stop firms from shifting profits to low-tax jurisdictions.

**Mittelstand**

Germany's network of small- and mid-sized, often family-owned, manufacturing companies – collectively the backbone of the German economy.

**Value chain**

The sequence of steps a company takes to turn raw inputs into a finished product or service; 'moving up the value chain' means doing the higher-skilled, higher-paid steps.

**Revenue per employee**

Total revenue divided by headcount – a rough proxy for how much economic value each worker generates, and therefore how skilled the work is.

## 4. Reading Comprehension Quiz

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Circle the best answer for each question.

**Q1.** The passage primarily argues that India's GCC sector is

- A) shrinking as artificial intelligence replaces human workers in routine roles
- B) evolving from a cost-saving back office into a strategic engine for global firms
- C) losing ground to competing hubs in Southeast Asia and Eastern Europe
- D) dominated entirely by American technology and consulting companies

**Q2.** According to the passage, which sector showed the fastest growth among GCC verticals in FY25?

- A) IT and IT-enabled Services
- B) Banking, Financial Services and Insurance
- C) Retail and Food
- D) Healthcare and pharmaceuticals

**Q3.** As used in the passage, the word 'engine' most nearly means

- A) a mechanical device powered by combustion
- B) a driving force or productive core
- C) a piece of search software
- D) a railway locomotive

**Q4.** As used in the passage, the phrase 'moving up the value chain' most nearly means

- A) physically relocating offices to higher-rent districts
- B) taking on higher-skilled, higher-paid types of work
- C) promoting employees into senior management roles
- D) increasing the prices charged to overseas clients

**Q5.** Which statement about GCC employment can most reasonably be inferred from the passage?

- A) Employment growth may slow even if exports continue to rise
- B) Indian GCCs will stop hiring altogether within five years
- C) GCCs employ more people than the entire Indian IT industry combined
- D) Most GCC jobs are still in low-skilled call-centre operations

**Q6.** The passage suggests that the rise of GCCs in India is best understood as

- A) a one-off result of cheap Indian labour costs
- B) a temporary trend driven by COVID-era remote work
- C) a structural shift in how multinationals organise core work
- D) a policy success engineered by the Indian government

**Q7.** The author's tone when discussing the impact of AI on GCC employment is best described as

- A) alarmed and openly critical
- B) cautious and analytical
- C) dismissive and sarcastic
- D) celebratory and unreserved

**Q8.** The author's primary purpose in the passage is to

- A)** warn readers about job losses in Indian technology
- B)** promote India as a destination for foreign investment
- C)** explain the scale and stakes of an under-noticed industry shift
- D)** compare India's GCC model unfavourably with Chinese alternatives

**Q9.** It can most reasonably be inferred from the passage that revenue-per-employee is a useful metric because it

- A)** signals whether GCC work is becoming more skilled and valuable
- B)** measures how profitable individual employees are for tax purposes
- C)** reveals which companies pay the highest salaries in India
- D)** predicts how quickly AI will eliminate specific job categories

**Q10.** Which choice provides the best evidence for the answer to the previous question?

- A)** 'GCCs now contribute roughly 4.4% of India's GDP.'
- B)** 'Revenue per employee climbed 24% over six years... GCCs are moving up the value chain.'
- C)** 'Accenture tops the list with \$7.9 billion in exports.'
- D)** 'Retail/Food GCCs grew 24.4% in FY25.'

**My Score:** \_\_\_\_\_ / 10

## 5. Answer Key with Explanations

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**Q1.** The passage primarily argues that India's GCC sector is

**Answer: B**

The passage tracks rising exports, rising revenue-per-employee, and a shift toward AI and R&D work – all signs of a sector moving up the value chain, not just cutting costs. (A) reverses cause and effect: AI is a future risk in the passage, not a present collapse. SAT Tip: For 'primary argument' questions, look for the option that captures the passage's overall arc, not a single fact mentioned in one paragraph.

**Q2.** According to the passage, which sector showed the fastest growth among GCC verticals in FY25?

**Answer: C**

The passage explicitly identifies Retail/Food as the fastest-growing vertical at 24.4%, while IT/ITeS is the largest by share, not the fastest-growing. (A) is the classic trap – it confuses 'largest' with 'fastest-growing'. SAT Tip: When the passage uses superlatives like 'largest' and 'fastest', underline them – they often appear as paired distractors in the same question set.

**Q3.** As used in the passage, the word 'engine' most nearly means

**Answer: B**

The passage repeatedly uses 'engine' metaphorically – 'engine room', 'strategic engine', 'delivery engine' – to mean the productive core of an enterprise. (A) is the literal everyday meaning and the main trap. SAT Tip: On vocab-in-context, substitute each option back into the sentence; the correct one preserves the sentence's meaning, while the trap is usually the word's most common dictionary definition.

**Q4.** As used in the passage, the phrase 'moving up the value chain' most nearly means

**Answer: B**

The passage links the phrase to rising revenue-per-employee and a shift from back-office processing to AI and R&D – i.e., harder, better-paid work. (C) is a trap because 'up' suggests promotion, but the passage is describing the work itself, not careers. SAT Tip: Idioms in SAT passages almost always carry a specific contextual meaning – find the nearby sentence that explains what the idiom is doing, not what it sounds like.

**Q5.** Which statement about GCC employment can most reasonably be inferred from the passage?

**Answer: A**

The passage notes that with AI, firms 'will not need armies of people', while exports are projected to keep rising – implying the two trends can diverge. (B) overstates the claim; the passage suggests slower hiring, not zero hiring – a classic 'right direction, wrong magnitude' trap. SAT Tip: Inference answers stay close to what the passage logically requires; if an option uses absolute words like 'altogether' or 'never', it's usually too strong.

**Q6.** The passage suggests that the rise of GCCs in India is best understood as

**Answer: C**

The passage frames GCCs as a long-running migration of strategic functions – engineering, AI, finance – into India, not a cheap-labour story or a pandemic blip. (A) is true historically but contradicts the passage's emphasis on rising skill levels and revenue-per-employee. SAT Tip: When a question asks how something is 'best understood', favour the option that captures the passage's overall framing rather than one that's literally true but narrower.

**Q7.** The author's tone when discussing the impact of AI on GCC employment is best described as

**Answer: B**

The author raises AI as a 'looming question' and frames the employment risk as something to 'watch', presenting both rising exports and possible job displacement without taking sides. (A) is too strong – the passage flags concerns but doesn't sound alarmed. SAT Tip: For tone questions, look at the author's word choice and qualifiers ('may', 'could', 'watch') rather than the topic itself; serious topics can still be handled with measured language.

**Q8.** The author's primary purpose in the passage is to

**Answer: C**

The passage opens by calling GCCs a 'secret engine room' and walks the reader through size, mechanism and implications – explanatory journalism, not advocacy. (B) is the trap: the passage cites impressive numbers but doesn't urge investment. SAT Tip: 'Primary purpose' answers usually start with verbs like 'explain', 'analyse' or 'describe' – be wary of options using persuasive verbs like 'promote' or 'warn' unless the passage clearly takes a side.

**Q9.** It can most reasonably be inferred from the passage that revenue-per-employee is a useful metric because it

**Answer: A**

The passage defines the metric as a proxy for skill level and value-chain position, and uses its 24% rise as evidence that GCCs are doing harder work. (C) confuses revenue-per-employee with salary, a classic 'wrong combination of passage terms' trap. SAT Tip: When the passage explicitly defines a term or metric, the right answer almost always tracks that definition – don't bring in outside intuitions about what a metric 'usually' means.

**Q10.** Which choice provides the best evidence for the answer to the previous question?

**Answer: B**

Only (B) directly links revenue-per-employee to the value chain – the exact reasoning the previous answer depends on. The other options are real facts from the passage but address GDP share, company rankings or sector growth, none of which support the inference about skill levels. SAT Tip: On evidence-pairing questions, first locate the sentence that justifies your previous answer, then pick the option whose wording overlaps most directly with it.