Indian Economy · GS - III

Examine the role of Global Capability Centres in strengthening India's innovation ecosystem and economic growth. What policy measures can help India maximise their benefits?

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MARKS	WORD LIMIT
10	~150 words

Answer Hint

Foreign investment; skilled employment; research and development; artificial intelligence; technology transfer; regional development; talent retention; cybersecurity; innovation ecosystem

Model Answer

Introduction

Global Capability Centres (GCCs) are specialised units established by multinational companies to undertake functions such as technology development, analytics, engineering and research. Their expansion reflects India’s growing role in global innovation networks.

Contribution to India's Economy

1. Skilled Employment

GCCs create opportunities for professionals in software, AI, finance, engineering and data analytics, supporting high-value employment.

2. Research and Innovation

By undertaking product development and advanced research, GCCs can strengthen India's technological capabilities and connect domestic talent with global innovation systems.

3. Foreign Investment and Exports

GCC operations attract investment, generate exports of professional services and deepen India's integration into global value chains.

4. International Partnerships

Japanese firms operating in Indian technology hubs can strengthen India-Japan cooperation in digital innovation, industrial research and advanced manufacturing.

Challenges

Talent shortages, uneven regional development, cybersecurity risks and the possibility of limited local knowledge spillovers may constrain benefits.

Way Forward

India should strengthen STEM education, research-industry partnerships, data protection, intellectual property frameworks and infrastructure beyond major metropolitan centres. Incentives should encourage high-value R&D and collaboration with Indian startups and universities.

Conclusion

GCCs can help India move from a services delivery destination towards a global innovation hub, provided investment generates lasting domestic capabilities and inclusive economic opportunities.

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