



WHITE PAPER | STRATEGIC INTELLIGENCE

# Beyond Cost Arbitrage: The New Location Intelligence Framework for India's GCCs

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*A strategic guide for GCC leaders, expansion planners, and professionals navigating India's evolving capability centre landscape through 2030 and beyond.*

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## EXECUTIVE SUMMARY

<b>1,700+</b> Active GCCs in India (2026)	<b>\$110B+</b> Projected GCC revenue by 2030	<b>4.5M+</b> GCC workforce expected by 2030	<b>60%</b> Of new GCCs exploring Tier-2 cities
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India's Global Capability Centre (GCC) sector is at an inflection point. For two decades, cost arbitrage was the dominant logic of location selection. That era is ending.

The next wave of GCC growth will be shaped by a more sophisticated equation — one that weighs talent availability, ecosystem maturity, infrastructure readiness, innovation density, and long-term affordability together. The organisations that understand this shift first will hold a decisive competitive advantage through 2030 and beyond.

This white paper examines the forces reshaping India's GCC location landscape, evaluates the evolving cost-talent dynamics across major cities, and provides a strategic framework for leaders making location decisions today — whether they are running an existing GCC, planning a new one, or considering where to build their career in this ecosystem.

**Key Finding:** *The most successful GCCs of 2030 will not simply choose the cheapest city. They will choose the city that creates the strongest balance between talent, innovation, quality of life, resilience, and sustainable growth.*

## 1. THE SHIFT: FROM COST ARBITRAGE TO VALUE ARCHITECTURE

### 1.1 How We Got Here

India's GCC journey began in the 1990s as a cost-optimisation play. Multinationals discovered that India's combination of English-language proficiency, strong engineering education pipeline, and labour cost advantages — typically 70–80% below equivalent US or European rates — created compelling economics for offshoring IT services, finance operations, and back-office functions.

The model worked. By the mid-2000s, Bengaluru, Hyderabad, and Chennai had become global landmarks of IT-enabled services. The GCC model evolved from cost-centre thinking toward genuine capability building, with organisations embedding research, product development, and strategic functions in India.

Through the 2010s, the sector matured rapidly. GCCs began housing innovation labs, AI/ML centres of excellence, and global leadership roles. India stopped being the back office and started becoming the brain.

### 1.2 Why the Old Model Is Breaking Down

Three structural forces are disrupting the cost-first model:



### Rising Living Costs in Tier-1 Cities

Bengaluru, Hyderabad, and Pune — the traditional GCC hubs — are experiencing some of the fastest increases in living costs among major global cities. Housing prices in prime Bengaluru corridors (Whitefield, Sarjapur Road, Electronic City) have increased 40–70% over 2020–2025. Hyderabad's HITEC City and Gachibowli micro-markets have seen comparable appreciation.

Infrastructure pressure — traffic congestion, water scarcity, power supply reliability — has grown proportionally. These are not temporary fluctuations; they are structural consequences of concentrated demand meeting finite urban capacity.

### Talent Competition and Compensation Inflation

The concentration of GCCs in a small number of cities has created intense competition for a finite talent pool. Attrition rates in Bengaluru's technology sector routinely exceed 20–25% annually. To retain talent, organisations have been forced into a cycle of compensation escalation that is eroding the cost advantage that originally justified their location choice.

Senior technology professionals in Bengaluru now command compensation packages that, when adjusted for purchasing-power parity, approach or exceed certain European and Southeast Asian equivalents.

### The Infrastructure Deficit

GCC employees increasingly factor quality of life into career decisions. Long commute times, housing affordability, air quality, green space, and urban amenities influence retention, especially for mid-to-senior talent who have options. Cities that cannot provide liveable environments will struggle to attract and retain the talent profile that GCCs need.

**Strategic Signal:** For GCC leaders, rising costs in Tier-1 cities are not just a CFO concern. They are a talent strategy signal, an employee experience challenge, and a long-term scalability question.

## 2. THE CURRENT LANDSCAPE: A CITY-BY-CITY ASSESSMENT

Understanding the GCC location decision requires a granular view of each major city's strengths, limitations, and trajectory. Below is an assessment of the six most relevant cities in India's GCC ecosystem.

City	GCC Maturity	Talent Depth	Cost Trajectory	Infrastructure	Innovation Score	2030 Outlook
<b>Bengaluru</b>	Very High	Deepest	Rising Fast	Under Pressure	Highest	Premium Hub
<b>Hyderabad</b>	High	Strong	Rising Rapidly	Better Managed	High	Competitive Growth
<b>Pune</b>	High	Strong	Rising	Moderate Stress	High	Expansion Satellite
<b>Chennai</b>	High	Strong	Moderate Rise	Stable	Moderate-High	Steady Alternative



<b>Ahmedabad</b>	Emerging	Growing	Stable-Low	Improving	Moderate	High-Growth Bet
<b>Coimbatore</b>	Early Stage	Niche	Low	Improving	Moderate	Specialist Cluster

### 2.1 Bengaluru — The Incumbent Powerhouse

Bengaluru remains India's most mature GCC ecosystem by any measure. It houses the largest concentration of technology talent, the deepest engineering college pipeline, the most developed startup ecosystem, and the greatest density of global technology companies.

However, Bengaluru is also the city where the cost-quality trade-off is most acute. Housing costs, compensation benchmarks, and infrastructure challenges are highest. Organisations operating here need to consciously model whether their specific talent requirements and business model justify the premium — and whether that premium will remain sustainable through 2030.

- › Recommended for: Deep AI/ML, product engineering, R&D, and innovation-led GCCs where talent differentiation is the primary value driver.
- › Risk to monitor: Infrastructure ceiling, housing affordability impacting junior and mid-level talent, and attrition rates for in-demand roles.

### 2.2 Hyderabad — The Challenger

Hyderabad has executed one of the most deliberate GCC attraction strategies of any Indian city. State government investment in infrastructure, favourable business policies, and the development of HITEC City as a purpose-built knowledge district created a compelling alternative to Bengaluru through the 2010s.

Today, Hyderabad hosts major GCCs across technology, BFSI, pharma, and manufacturing sectors. Its cost-talent ratio remains attractive, though the city is now experiencing its own phase of housing cost escalation — particularly in the western corridor.

- › Recommended for: Organisations seeking Bengaluru-equivalent talent depth with somewhat better cost and infrastructure conditions.
- › Risk to monitor: Following Bengaluru's trajectory with a 3–5 year lag; organisations should model cost assumptions at 2028–2030 levels, not 2026.

### 2.3 Pune — The Engineering Satellite

Pune has evolved from a manufacturing hub into a sophisticated GCC location with particular strength in engineering, automotive technology, BFSI, and business services. Its proximity to Mumbai, strong engineering college ecosystem, and lower base cost compared to Bengaluru have driven consistent GCC investment.

Pune functions effectively as both a primary GCC location and as a satellite hub within a multi-city strategy for organisations headquartered in Bengaluru or Hyderabad.

- › Recommended for: Engineering-heavy GCCs, BFSI, automotive technology, and organisations seeking proximity to Mumbai clients.

### 2.4 Chennai — The Steady Alternative



Chennai is frequently underrated in GCC conversations. It offers Bengaluru-comparable talent depth — particularly in engineering, manufacturing technology, and BFSI — with more stable infrastructure and more moderate cost escalation. Tamil Nadu's industrial policy has been consistently business-friendly.

The city's hardware and manufacturing ecosystem (which other GCC cities lack) makes it particularly relevant for organisations with physical products, semiconductor design, or hardware-software integration requirements.

- › Recommended for: Manufacturing-adjacent GCCs, BFSI, semiconductor/hardware design, and organisations prioritising infrastructure stability.

### 2.5 Ahmedabad & the Gujarat Corridor — The Emerging Contender

Gujarat's business ecosystem has transformed dramatically through GIFT City (Gujarat International Finance Tec-City), Ahmedabad's expanding engineering talent base, and the state's broader manufacturing growth driven by semiconductor, electric vehicle, and defence sector investments.

For GCC planners with a 3–5 year horizon, Ahmedabad represents the opportunity to establish a high-quality presence before costs and competition intensify. The infrastructure is improving faster than the cost curve — a window that will not remain open indefinitely.

- › Recommended for: BFSI GCCs (GIFT City), manufacturing-adjacent capability centres, fintech, and organisations willing to invest in talent development.
- › Key insight: The organisations that move into Ahmedabad between 2024 and 2028 will secure the talent and real estate positions that later entrants will pay a significant premium for.

**Opportunity Window:** *Ahmedabad and the Gujarat Corridor may be the single most underpriced GCC opportunity in India today — for organisations with the appetite to invest ahead of the curve.*

## 3. THE NEW LOCATION INTELLIGENCE FRAMEWORK

The decisions made today will shape GCC operating costs, employee experience, and scalability for the next decade. We propose a five-dimension Location Intelligence Framework for evaluating GCC cities.

Dimension	What to Evaluate	Key Questions
<b>Talent Availability</b>	Depth of relevant talent pool; pipeline quality; educational ecosystem	Does this city produce the specific profiles we need at scale?
<b>Ecosystem Maturity</b>	Vendor ecosystem; peer GCC density; government support; knowledge networks	Can we hire, collaborate, and grow here without building from scratch?
<b>Infrastructure Readiness</b>	Office supply; housing affordability; transport; utilities; digital infrastructure	Can our people live well here, and can operations run reliably?
<b>Innovation Density</b>	Startup ecosystem; R&D investment; university collaboration; tech adoption	Does this city create the environment for the work we plan to do by 2030?
<b>Long-Term Affordability</b>	Current and projected cost trajectory; compensation escalation risk; real estate trends	What will this location cost us in 2028 and 2030, not just today?



### 3.1 Scoring Your Location Decision

Each dimension should be weighted based on your organisation's specific priorities. An AI-first GCC will weight Innovation Density and Talent Availability most heavily. A process-centric business services centre will weight Infrastructure Readiness and Long-Term Affordability more. A financial services GCC will prioritise Ecosystem Maturity for regulatory and sector-specific knowledge.

The critical discipline is to model your scenarios at 2028 and 2030 projections, not current conditions. The city that scores highest today may not score highest over the horizon that actually matters for your investment.

### 3.2 The Hub-and-Spoke Model

For organisations with existing GCCs in Tier-1 cities, the hub-and-spoke model represents the most pragmatic response to rising costs. Rather than abandoning established hubs — which would mean losing hard-built institutional knowledge and talent networks — organisations can manage the cost-talent equation across multiple locations.

#### Hub City Responsibilities

- Innovation, R&D, and product development
- Senior leadership and global relationship management
- Complex problem-solving and specialised technical work
- Talent brand anchoring and ecosystem engagement

#### Spoke City Responsibilities

- Scale operations, shared services, and process work
- Talent pipeline development at lower cost points
- Business continuity and geographic risk distribution
- Exploratory teams in emerging competence areas

**Model Insight:** *The hub-and-spoke structure is not about moving away from Bengaluru or Hyderabad. It is about not concentrating all growth there — and capturing value from emerging cities before they become the next high-cost destinations.*

## 4. FOR GCC LEADERS — THE STRATEGIC PLANNING AGENDA

Whether you lead an existing GCC or are planning a new one, the questions below define the strategic planning agenda for 2026–2030. These are not hypothetical — they are live decisions that will shape your organisation's cost structure, talent position, and competitive capability for the next decade.

### 4.1 For Existing GCC Leaders

#### Question 1: Will our current location remain cost-effective in 2030?



Run a five-year cost model that projects compensation escalation, real estate costs, infrastructure costs, and quality-of-life attrition risk in your current city. Compare that against the same model for two or three alternative or satellite locations. The delta will tell you whether action is needed now or whether you have more runway.

### **Question 2: How will rising living costs impact talent attraction and retention?**

Living cost escalation in Tier-1 cities is not just a compensation problem. It is an employee experience problem. When talented professionals cannot afford to live within reasonable commuting distance of their workplace, or when their effective purchasing power is declining despite nominal salary increases, both retention and attraction are affected.

Model your talent pyramid at 2028 conditions. If the junior-to-mid career talent that forms the base of your capability pyramid cannot achieve a reasonable quality of life in your city, your entire organisational model is at risk.

### **Question 3: Are compensation structures keeping pace with city-level inflation?**

In cities experiencing rapid cost increases, standard compensation benchmarking against sector peers may be insufficient. Consider city-specific cost-of-living adjustments. Organisations that fall behind on real compensation — as distinct from nominal compensation — will face retention pressure long before it shows up in attrition data.

### **Question 4: Should future expansion follow a hub-and-spoke model?**

The answer for most mid-to-large GCCs will increasingly be yes. The question is which cities, and at what pace. This requires a deliberate location intelligence process — not an ad-hoc decision driven by where leadership happens to have connections or where a real estate broker has availability.

## **4.2 For Organisations Planning New GCCs**

### **Do not anchor on the obvious choices reflexively**

Bengaluru and Hyderabad remain excellent GCC locations for specific use cases. But if your planning horizon is 2026–2035, you should be modelling cities like Ahmedabad, Coimbatore, and Nagpur with equal rigour. The talent pipelines in these cities are growing. The infrastructure is improving. And the costs are a fraction of what they will be in five years.

### **Match the city to the mission**

Your GCC's function should drive your location decision, not the other way around. An AI research centre has different city requirements than a global shared services hub. A manufacturing engineering GCC has different needs than a fintech product team. Run the Location Intelligence Framework with your specific capability blueprint as the lens.

### **Invest in talent development, not just talent acquisition**

In emerging cities, the talent supply may not perfectly match your requirements on day one. Organisations that invest in training, university partnerships, and structured development programmes in these cities will build a sustainable pipeline advantage that late entrants cannot replicate.



**Planning Principle:** *The GCC that will win in 2030 is being built now. Location decisions made in 2026 and 2027 will compound — in talent, in cost structure, in ecosystem position — for the decade that follows.*

## 5. FOR PROFESSIONALS — CAREER AND RELOCATION CONSIDERATIONS

The GCC location conversation is not only about organisations. For the millions of professionals employed in or considering roles within India's GCC ecosystem, city selection has profound implications for career trajectory, compensation, quality of life, and long-term financial wellbeing.

### 5.1 Understanding the City-Career Trade-off

The conventional career advice has been simple: go to Bengaluru or Hyderabad for the best opportunities. That advice is becoming more nuanced.

City	Career Opportunity	Compensation Level	Cost of Living	Effective Purchasing Power	Quality of Life
<b>Bengaluru</b>	Highest	Highest	Very High	Moderate	Moderate-Low
<b>Hyderabad</b>	Very High	High	High (Rising)	Moderate-High	Moderate
<b>Pune</b>	High	High	High	Moderate	Moderate
<b>Chennai</b>	High	Moderate-High	Moderate	High	Moderate-High
<b>Ahmedabad</b>	Growing	Moderate	Low-Moderate	High	High
<b>Coimbatore</b>	Niche	Moderate	Low	High	Very High

### 5.2 The Effective Purchasing Power Question

A professional earning ₹25 LPA in Bengaluru and ₹18 LPA in Ahmedabad may have a higher effective quality of life in Ahmedabad — once housing costs, commute time, and lifestyle affordability are factored in. This is not a universal truth, but it is a calculation worth making explicitly rather than defaulting to headline salary comparisons.

For professionals earlier in their careers who are building financial foundations — saving for housing, managing EMIs, or supporting family — the effective purchasing power of compensation matters as much as the nominal figure.

### 5.3 Career Growth in Emerging GCC Cities

Emerging GCC cities offer a specific career advantage that is frequently overlooked: the opportunity to be among the first. In an established Bengaluru GCC with 5,000 employees, the career trajectory to a senior



leadership role is long and competitive. In an emerging Ahmedabad or Coimbatore GCC with 200 employees, early joiners often carry disproportionate organisational weight and visibility.

This matters most for mid-career professionals (5–12 years of experience) who have built demonstrable capability and are seeking the next step in leadership responsibility. The emerging city GCC may offer that step faster than the crowded talent market of a Tier-1 hub.

#### 5.4 Relocation Considerations

For professionals considering relocation to or within India's GCC ecosystem, the following factors merit evaluation beyond the offer letter:

- Housing cost relative to compensation: Model your housing-to-income ratio in the target city at current market rates, not three years ago.
- Commute time and infrastructure: In congested Tier-1 cities, a 45-minute commute can easily become 90–120 minutes in peak traffic — a significant quality-of-life factor.
- Education and family infrastructure: For professionals with families, school quality, healthcare access, and community infrastructure matter as much as the job offer.
- Career optionality: How many relevant employers exist in the target city? More depth means more career optionality, which has real economic value.
- Long-term city trajectory: Is the city improving or deteriorating on infrastructure, governance, and livability? A city heading in the right direction offers compounding quality-of-life returns.

**For Professionals:** *The best GCC career decision is not simply the highest salary. It is the combination of growth opportunity, sustainable compensation purchasing power, quality of life, and the trajectory of the city around you.*

## 6. INDIA 2030 — THE MACRO BACKDROP

### 6.1 Structural Growth Drivers

India's GCC growth trajectory through 2030 is supported by structural factors that are durable, not cyclical:

- Demographic dividend: India's working-age population will continue to grow through 2040, providing a sustained talent supply that no other major economy can match at comparable cost-quality ratios.
- Digital infrastructure: The India Stack — UPI, Aadhaar, DigiLocker — has created a world-class digital infrastructure foundation that enables both operations and innovation in ways that were not possible a decade ago.
- Government policy alignment: The Union and state governments have consistently prioritised GCC attraction through industrial policy, infrastructure investment, and ease-of-doing-business improvements.
- AI and automation readiness: India's talent pipeline in AI, machine learning, and data science is among the deepest globally, and the GCC sector is the primary channel through which global companies access that talent.

### 6.2 Risks and Uncertainties

A complete strategic assessment acknowledges the risks alongside the opportunities:



- Geopolitical concentration risk: Over-reliance on a single country for critical capability creates strategic vulnerability. Some global companies are diversifying their GCC footprints across India, Southeast Asia, and Eastern Europe.
- Urban infrastructure limits: The infrastructure deficits of India's Tier-1 cities are real and structural. Resolution requires decades of investment and governance improvement that is not guaranteed.
- Talent pipeline gaps: The engineering talent supply is deep, but supply of certain specialised profiles — particularly in AI research, semiconductor design, and advanced cybersecurity — remains constrained relative to demand.
- Macroeconomic volatility: Global economic slowdowns, technology sector cycles, and currency movements all influence GCC investment decisions in ways that domestic policy cannot fully control.

## 7. CONCLUSIONS AND STRATEGIC RECOMMENDATIONS

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### For GCC Leaders

1. Audit your current location economics against a 2028–2030 projection model, not today's costs.
2. Develop a hub-and-spoke location strategy that manages talent and cost concentration risk across multiple cities.
3. Evaluate Ahmedabad, Chennai, and Coimbatore with the same rigour applied to Bengaluru and Hyderabad — and do it before the cost curve catches up.
4. Redesign compensation frameworks to reflect city-level cost-of-living dynamics, not just sector benchmarks.
5. Invest in talent development pipelines in emerging cities before the talent acquisition competition intensifies.

### For New GCC Planners

6. Match your city selection to your capability mission using the five-dimension Location Intelligence Framework.
7. Model scenarios at 2028 and 2030 projected conditions, not 2026 base rates.
8. Seriously evaluate emerging cities. The window to establish a first-mover position at low cost is finite.
9. Build government and ecosystem relationships from day one. The cities that deliver long-term value do so through sustained policy and infrastructure support.

### For Professionals

10. Calculate effective purchasing power, not just nominal salary, when evaluating city choices.
11. Consider career optionality depth in your target city as a long-term career asset.
12. Evaluate cities on their trajectory as much as their current state.
13. Mid-career professionals should seriously evaluate early-mover advantage in emerging GCC cities.



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## **Location strategy is no longer a real estate decision.**

### **It is a business strategy decision.**

The organisations and professionals that approach this shift with strategic clarity, rigorous data, and long-term thinking will be the ones that look back in 2030 and recognise they made the right call — not because they found the cheapest city, but because they found the right one.

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### **About The Second Orbit**

The Second Orbit is a strategic intelligence and research consulting firm specialising in AI-powered transformation and human-centred impact. We help organisations and leaders navigate complexity with clarity — through rigorous research, sharp strategy, and deep contextual understanding of the markets that matter.

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