Indian Economy · GS - III

Examine how the growth of Global Capability Centres (GCCs) is influencing India’s commercial real estate market. Discuss the role of Real Estate Investment Trusts in expanding investment opportunities and the associated risks.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 22/10/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

Answer Hint

Global Capability Centres; office-space demand; multinational investment; commercial real estate; REITs; rental income; capital markets; investment diversification; regulatory oversight; market risks

Model Answer

Introduction

Global Capability Centres (GCCs) perform functions such as technology development, analytics, finance and research for multinational companies. Their expansion is supporting demand for commercial office space in Indian cities.

Impact on Commercial Real Estate

- **Rising demand:** GCC expansion increases demand for quality office spaces, particularly in major technology and business centres.
- **Economic spillovers:** Office development generates employment and supports transport, hospitality and other urban services.

- **Rental growth:** Strong occupancy can support rental income, although outcomes vary by location and market conditions.
- **Urban pressures:** Rapid development may increase congestion, infrastructure demand and pressure on land prices.

Role of REITs

Real Estate Investment Trusts allow investors to participate in eligible income-generating properties without purchasing entire buildings. They can broaden access to real estate investment, support institutional capital formation and improve market transparency.

Risks and Challenges

Vacancies, oversupply, economic slowdowns, refinancing costs and rising interest rates can affect distributions and unit prices. Uneven regional development may also create concentrated risks.

Way Forward

Strong disclosure, prudent debt management, diversified portfolios and effective SEBI oversight are essential to protect investors and sustain market confidence.

Conclusion

GCC-led office demand offers significant opportunities, while well-regulated REITs can connect real estate growth with broader capital-market participation.

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