

CAN INDIAN FIRMS RIVAL THE BIG FOUR?

BY PUNEET KUMAR ARORA & JAYDEEP MUKHERJEE

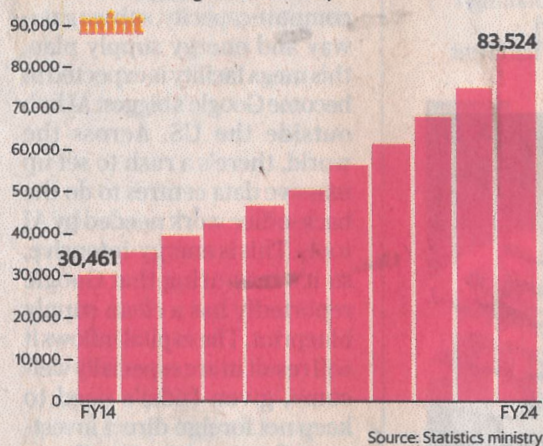
What will it take for India to build its own marquee multi-service delivery firms in areas such as consulting, audit, advisory, compliance, and environmental, social and governance (ESG)?

That's the question the government is now exploring as it seeks to reduce reliance on foreign majors and tap into the country's vast talent pool to create Indian champions in professional services capable of rivaling the Big Four (EY, KPMG, Deloitte and PwC).

For decades, India has served as the world's back office and knowledge hub, but turning this comparative strength into competitive global dominance remains a formidable challenge.

India's high-skill services sector has almost tripled in size over the last decade

GVA (in ₹ crore) by the professional, scientific, and technical services sector, including R&D, at 2011-12 prices



DOMESTIC DIVIDEND

SINCE LIBERALIZATION in the early 1990s, the services sector has steered India's growth story. It has consistently contributed 50-55% of the country's total gross value added (GVA), far outpacing agriculture and manufacturing.

Professional, scientific and technical services have been a major force behind this surge. In just the past decade, the GVA in this sub-sector has nearly tripled from about ₹30,000 crore in 2013-14 to ₹84,000 crore in 2023-24. This performance is anchored in India's distinctive advantage in human capital.

Each year, the country produces a vast pool of engineers, MBAs and chartered accountants who speak English, are technically proficient, available at affordable wages, and able to work across time zones.

The paradox, however, is that these professionals are not powering Indian companies. Instead, their expertise is channelled by foreign multinationals that leverage their skills at a fraction of global wage costs.

COMPARATIVE EDGE

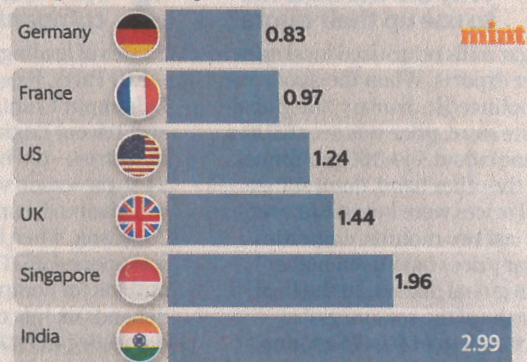
INDIA'S DEEP pool of skilled professionals has helped it emerge as a global hub for high-skill service exports. According to the latest data from the World Trade Organization, the country's exports of professional and management consulting services are nearly three times the world average, with its revealed comparative advantage (RCA) score of 2.99, surpassing that of several advanced economies, including Singapore (1.96), the UK (1.44) and the US (1.24). In 2024, India exported \$125.7 billion worth of consulting services, making up about one-third of its \$374.9 billion in total services exports.

Much of this work is being delivered through the global capability centres (GCCs) of foreign multinationals, which work as extensions of parent firms.

With over 1,800 GCCs—a number expected to climb to 2,400 by 2030—India now hosts more than half the global total, as per estimates by EY. Tier-II cities are increasingly joining this wave, pushing India's domestic GCC market towards an estimated \$110 billion by 2030.

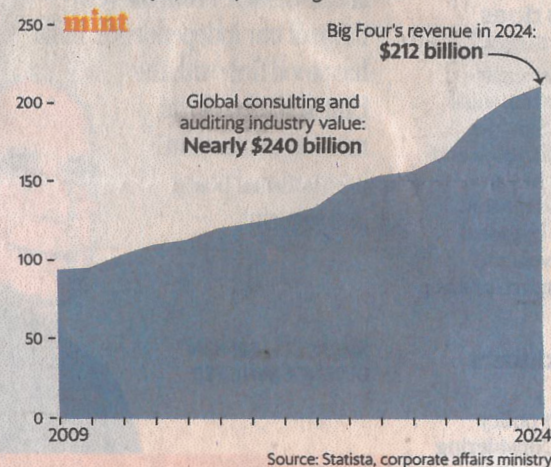
India has an advantage over developed nations in high-skill services exports

Revealed comparative advantage (RCA)* in professional and management consulting services, 2024, select countries



The Big Four dominate the global consulting and auditing space

Global revenues (in \$ billion) of the Big Four firms



GIANT GAP

THE COMBINED global revenue of the Big Four firms has risen from about \$94 billion in 2009 to about \$212 billion in 2024. They account for the lion's share of the global consulting and auditing industry, currently valued at nearly \$240 billion. Decades of global expansion, a deep base of multinational clients and a reputation for quality and scale have cemented this dominance. Also, large talent pools, common methodologies and shared technology platforms have helped them ensure consistent service delivery worldwide.

India's consulting and auditing landscape mirrors this. Revenues of the Indian arms are estimated to have crossed \$5.4 billion in FY25, with growth outpacing the parent networks. India's largest listed companies rely heavily on the Big Four, besides Grant Thornton and BDO, with estimates suggesting they audit more than two-thirds of the Nifty 500 companies. Strong brand reputation and global credibility continue to draw Indian clients across sectors.

FRAGMENTED MARKET

IN TERMS of scale, Indian firms remain small and fragmented when compared with the Big Four. Sample this: Of the roughly 95,000 firms registered with the Institute of Chartered Accountants of India, nearly 70,000 are proprietorships or sole practitioners. Only about 400 have more than 10 partners, a mere fraction when compared with their global counterparts.

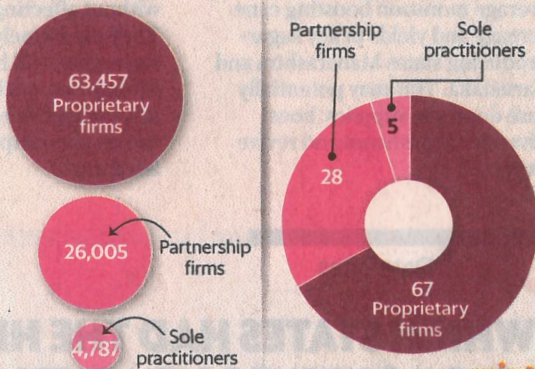
This lack of scale is compounded by regulatory barriers. Current rules restrict the formation of multidisciplinary partnerships, which limits collaboration and the ability to offer integrated, full-service solutions akin to what international firms offer.

Strict regulations on advertising and branding further stifle growth, making it harder for domestic firms to build visibility and compete globally. Licensing adds another layer of complexity, with different regulators governing different professions and operating in silos, which also encourages fragmentation and weakens the competitive position of Indian firms.

Only 28% of the nearly 95,000 accounting firms registered with Icai are partnerships

Number of different firms registered with Icai

Share (in %) of different firms registered with Icai



Icai: Institute of Chartered Accountants of India

Source: Institute of Chartered Accountants of India

AI has introduced new dynamics to the consulting and auditing industry

Change (in percentage points) in consulting task performance with GPT-4



'Within frontier' refers to routine consulting tasks, such as idea generation, segmentation, and drafting, while 'outside frontier' refers to complex tasks that require judgement and the integration of multiple data points.

Source: Navigating the Jagged Technological Frontier, 2023 by Dell'Acqua et al, Harvard Business School-Boston Consulting Group

AI APPREHENSIONS

INDIA'S PUSH to build its own globally competitive multi-disciplinary partnership firms comes at a time when the future of traditional, high-skill services such as consulting is being reshaped by artificial intelligence (AI) and questions are being raised about the need for human consultants. However, when it comes to advanced functions such as strategic recommendations, integrated judgment, and solving complex business problems, human expertise remains essential. So, consulting firms have started looking for individuals who can take on higher-value, strategic work.

For India, building globally competitive firms will demand investment in developing professionals who excel in advanced problem-solving and critical thinking — areas where human judgement will remain critical.

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