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# India Becomes 2nd Largest Data Centre Market in Asia-Pacific

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# India Becomes 2nd Largest Data Centre Market in Asia-Pacific

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## WHY IN NEWS:

On **May 27, 2026**, real-estate consultancy **Cushman & Wakefield** released its **Global Data Center Market Comparison 2026** report, placing **India 2nd in the Asia-Pacific (APAC)** region by operational data centre capacity at **1.6 GW**, with an additional **3.1 GW** under construction or planned. **Mumbai** is projected to cross **1 GW operational capacity by end-2026** — becoming India’s first gigawatt-scale data centre hub.

## SNAPSHOT — INDIA’S DATA CENTRE FOOTPRINT

PARAMETER	VALUE
<b>Operational capacity</b>	<b>1.6 GW</b> (2nd in APAC)
<b>Under construction / planned</b>	<b>3.1 GW</b>
<b>Total pipeline</b>	<b>4.7 GW</b>
<b>Vacancy rate (Q4 2025)</b>	<b>12.9%</b>
<b>Population per MW</b>	<b>~9.43 lakh</b> (highly underpenetrated)
<b>Mumbai (projected end-2026)</b>	<b>&gt;1 GW</b> operational

## THE SIX KEY INDIAN DATA CENTRE MARKETS

RANK	CITY	WHY
1	<b>Mumbai</b>	Subsea cable landings, financial hub, BKC + Navi Mumbai clusters
2	<b>Chennai</b>	Subsea cable landings (~7 active), Sriperumbudur ecosystem
3	<b>Delhi NCR</b>	Government + BFSI demand, Noida + Greater Noida hubs
4	<b>Bengaluru</b>	Tech demand, cloud hyperscalers, latency-sensitive workloads
5	<b>Hyderabad</b>	T-Hub + state policy push, hyperscaler campuses
6	<b>Pune</b>	Mumbai overflow, manufacturing demand

## APAC RANKING — WHY INDIA CLIMBED

RANK	COUNTRY/MARKET	OPERATIONAL (GW)
1	<b>Mainland China</b> (Beijing + Shanghai dominant)	~5+
2	<b>India</b>	<b>1.6</b>
3	Japan (Tokyo + Osaka)	~1.4
4	Australia (Sydney + Melbourne)	~1.3
5	Singapore	~1.2 (moratorium-constrained)

India overtook **Japan, Australia and Singapore** primarily because:

- **Data localisation push** — RBI 2018 payments data norms; DPDP Act 2023 nudging cross-border data flows toward domestic facilities.
- **AI hyperscaler demand** — GPU clusters require massive power + cooling.
- **Hyperscaler entry** — AWS, Microsoft Azure, Google Cloud, Oracle all committed multi-billion-dollar Indian investments through 2026–2030.
- **State-level incentives** — Maharashtra, Tamil Nadu, Telangana, UP have data-centre policies offering stamp-duty waivers and power tariff concessions.
- **Submarine cable landings** — India is the second-largest landing point in Asia after Singapore.

## THE AI DEMAND WAVE

WORKLOAD	POWER DENSITY
Traditional cloud (CPU)	~5–10 kW per rack
<b>AI training (GPU)</b>	<b>40–80 kW per rack</b> (some up to <b>100+ kW</b> )

This explains why **new builds are GW-scale**, not MW-scale. The **NVIDIA H100/H200/Blackwell GPU** cycle has driven Indian AI-ready capacity from ~50 MW (2023) to a projected **~1 GW by 2027**.

## WHY INDIA IS STILL STRUCTURALLY UNDERPENETRATED

METRIC	INDIA	USA	SINGAPORE
Population per MW of capacity	<b>~9.43 lakh</b>	~9,000	~33,000
Internet users per MW	Very high	Low	Low

**Headroom:** even doubling operational capacity to 3.2 GW would still leave India among the most under-served large economies on a per-capita basis. Some industry estimates project **8–10 GW by 2030**.

## ENABLING ECOSYSTEM

LAYER	DETAIL
<b>Power</b>	24x7 reliability needed; renewable PPAs increasingly preferred (Microsoft, Google have signed multi-GW Indian solar PPAs)
<b>Cooling</b>	Tropical climate raises cooling cost; <b>liquid cooling</b> adoption accelerating for AI workloads
<b>Connectivity</b>	Submarine cables (e.g., <b>2Africa, SEA-ME-WE 6, MIST, IAX/IEX</b> ) landing in Mumbai, Chennai
<b>Talent</b>	Data Centre Operator skill council under NSDC; specialised cooling/electrical engineers in short supply
<b>Policy</b>	<b>Data Centre Policy 2020 (draft)</b> by MeitY; not yet finalised; state policies have moved faster
<b>PLI link</b>	IT Hardware PLI 2.0 (2023) supports server manufacturing in India

## STRATEGIC SIGNIFICANCE

- **Digital sovereignty** – domestic AI training and inference reduces dependence on foreign clouds.
- **AI compute as critical infrastructure** – India needs sovereign GPU pools for public-sector LLM training (akin to **IndiaAI Mission, ₹10,372 crore, March 2024 Cabinet approval**).
- **Energy nexus** – DC growth and renewable-energy capacity must scale in tandem; risk of fossil-heavy DC growth in coal-dependent states.
- **Geopolitics** – friend-shoring of data and compute away from China/Singapore favours India.

## RISKS AND WATCHPOINTS

- **Power grid stress** – AI clusters concentrated in Mumbai/Hyderabad strain regional grids.
- **Water for cooling** – major issue in Chennai (recurring shortages).
- **Cross-border data flow rules** – DPDP Act 2023 schema rules still pending; uncertainty deters some hyperscaler deployments.
- **Cyber security** – data-centre concentration creates single-point-of-failure risk; **CERT-In's** mandate has expanded.

## WAY FORWARD

- **Finalise National Data Centre Policy** with green-DC standards, transparent cross-border data rules.
- **Renewable PPA mandates** for DCs above a capacity threshold.
- **Sovereign GPU capacity** under IndiaAI mission for public-good AI training.
- **Tier 2/3 city DCs** – Lucknow, Visakhapatnam, Bhubaneswar – to ease grid concentration.
- **Skill mission** – Data Centre Operator skill council to scale annual throughput.

## UPSC RELEVANCE

### GS Paper 3 – Science & Technology / Indian Economy:

- Achievements of Indians in science & technology; indigenization of technology.
- Effects of liberalization on the economy; infrastructure (digital).
- Awareness in the fields of IT, computers.

### Analytical hooks for Mains:

- Data localisation – economic vs strategic logic.

- AI sovereignty and compute capacity.
- Digital infrastructure as critical infrastructure under National Critical Information Infrastructure Protection Centre (NCIIPC).

**FACTS CORNER**

Report: Cushman & Wakefield — Global Data Center Market Comparison 2026 (released May 27, 2026).

India operational capacity: 1.6 GW — 2nd in APAC (after China).

Under construction/planned: 3.1 GW; total pipeline 4.7 GW.

Mumbai (end-2026): First Indian DC hub to cross 1 GW operational.

APAC Q4 2025 vacancy: 12.9%.

Six key Indian DC markets: Mumbai, Chennai, Delhi NCR, Bengaluru, Hyderabad, Pune.

Population per MW: ~9.43 lakh in India (vs ~33,000 in Singapore).

Data localisation milestone: RBI Payments Data Storage circular, April 6, 2018.

Data protection law: Digital Personal Data Protection Act, 2023.

IndiaAI Mission: ₹10,372 crore, Cabinet approval March 7, 2024.

National Critical Information Infrastructure Protection Centre (NCIIPC): Under NTRO; established 2014 under Section 70A of IT Act.

*Sources: Cushman & Wakefield, Mint, ANI*

Source: India Becomes 2nd Largest Data Centre Market in Asia-Pacific — Ujiyari.com | Free UPSC & State PCS Current Affairs

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