

# India on the cusp of a data center evolution; 45 data centres planned to come up by 2025-end

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64% of organizations are looking to power their DCs by more than 60% clean power in the next 2 years.

The unprecedented crisis created by the COVID-19 outbreak has propelled the data center business providing an unexpected tailwind. Technology adoption and digitization across the sectors were fast-tracked globally and India also leap-frogged at least a decade in the past couple of years.

The lockdown and subsequent restrictions threw life and business out of gear. However, this very black swan event became a massive catalyst for digital adoption across the country. The government's initiative and drive towards a digital economy was accelerated further as all aspects of daily life from banking, education, and shopping were forced to switch and adapt to the digital ecosystem. This had led to increased use of data consumption and internet bandwidth across the country, driven by the ever-expanding reach of social media, increased use of smart devices, data localization, increased adoption of cloud services, and digital transformation journeys of several Indian companies.

Buoyed by the growing demand, over 45 data centres spanning ~13 million sq ft and 1,015 MW of IT capacity are planned to come up in India by 2025-end, reveals the ANAROCK-Binswanger report 'Under the Lens: India's Data Centre Explosion.' In terms of IT capacity (nearly 1,015 MW), over 69% of this planned new supply will come up in Mumbai and Chennai, with 51% in Mumbai alone.

Currently, there are 138 data centres (DCs) across India with ~11 mn sft & 737 MW of IT capacity (building ready). At least 57% of the current IT capacity is in Mumbai & Chennai. By 2025-end, altogether there will be 183 DCs in the country with ~24 mn sft & 1,752 MW of total IT capacity.

Commenting on the same, Devi Shankar, President – Industrial & Logistics and Data Centres, ANAROCK Capital, said, "The current size of the India data centre industry is approx. USD 5.6 billion and is bound to grow. The unprecedented crisis created by the COVID-19 outbreak has propelled the data centre business forward, providing an unexpected tailwind. Technology adoption and digitization across the sectors were fast-tracked globally and India also leap-frogged at least a decade in the last couple of years. The country's total estimated data centre demand is expected to be 2,100 MW as of FY 2025, with a mix between hyperscalers and enterprises – 35:65 (excluding self-owned hyperscaler capacity)."

Meanwhile, there is additional potential of nearly 2,688 MW of future unplanned supply in India. Land for this supply has been locked in by DC operators, but the projects will likely be planned based on actual demand and/or outcome of earlier planned phases. While this represents land banking for providing scalability for future expansion to customers, this capacity must be judiciously released into the market to ensure price stability. Around 78% of this unplanned IT capacity is to be concentrated in Mumbai and Hyderabad.

Jeff Binwanger, Managing Partner, Binswanger, said, "Companies are really starting to relook where they are putting their operations globally, where they would like to relocate and where do they want to manufacture, distribute and set up their database and technology facilities. Data centres are currently a fulcrum for a lot of the decision-making, especially in Asia Pacific and in India."