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Indian Economy News

AI, 5G, cloud drive India's data centre surge, push institutional investments

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India's data centre industry is poised for rapid expansion, driven by the increasing integration of Artificial Intelligence (AI) across sectors, the widespread adoption of cloud storage solutions, and the nationwide rollout of 5G technology. This convergence of transformative technologies generates an unprecedented demand for scalable, secure, and robust data infrastructure to support the country's evolving digital ecosystem. Data from JLL India indicates that the data centre capacity in India is projected to grow by 66% by 2026, with an investment of approximately US\$ 4 billion (Rs. 33,772 crore) and an addition of 7.3 million sq. ft of assets. As AI and 5G reshape India's digital landscape, the country's data centre sector is becoming a key growth area for global investors and developers. According to APAC Lead – Data Centre Leasing at JLL, Mr. Rachit Mohan, the industry is set to add 604 MW capacity between H2 2024 and 2026, positioning India as a leader in AI innovation and digital infrastructure development.

Navi Mumbai is emerging as a key data centre hub, with demand expected to reach 800 MW in the coming years. As digitalisation expands, data centres are becoming critical for industries such as cloud computing, e-commerce, digital payments, and AI. Notable investments have poured into the Indian market, including a strategic partnership between Colt DCS and RMZ, which plans to invest US\$ 1.7 billion (Rs. 14,353 crore) in the sector. Similarly, Princeton Digital Group has partnered with K Raheja Corp-backed Mindspace Business Parks REIT to develop India's largest data centre campus at Mindspace Airoli West. The growth in this sector is expected to create jobs, foster innovation, and strengthen India's technological infrastructure, further establishing it as a global technology hub.

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