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Uttar Pradesh has long held a prominent position in India's IT and Electronics sector, with Noida standing out as a hub of innovation and development. As India's data consumption soars to unprecedented levels, the state is positioning itself to be at the forefront of this digital revolution by amending its Data Centre Policy to create a conducive environment for the IT industry. The Uttar Pradesh Data Center Policy 2021, revised in 2022, introduced financial and non-financial incentives aimed at making the state a prime destination for both domestic and international data centre investments. This policy reflects the government's commitment to attract significant investments, enhance infrastructure, and create job opportunities while fostering innovation and entrepreneurship in the sector.

India is experiencing an exponential increase in data consumption, attributed to the rapid growth of digital services, cloud computing, and the demand for robust IT infrastructure. Despite accounting for around 20% of the world's data, India lags in storage capacity, holding just 2%. As of 2022, India's data centre capacity stood at 375 megawatts (MW), but projections suggest an addition of over 750 MW by 2025. This growth demands substantial investments, estimated at USD 4.9 billion to meet future demands and adhere to the government's data localization mandates.

Uttar Pradesh, with its strategic location and well-established IT ecosystem, is poised to seize a significant share of this burgeoning market. By promoting Data Centre Parks, the government aims to harness the potential of the IT sector, capitalizing on Noida's role as a central hub. The state's government is not only focusing on facilitating investments but also improving governance through IT-enabled services, which increases the demand for cloud storage and data centres.

Vision, Mission, and Targets

The Data Centre Policy envisions positioning the state as the preferred investment destination for the data centre industry. Its mission is to create a world-class ecosystem by attracting investments from Indian and global players while fostering an environment conducive to MSMEs and start-ups.

- The state's ambitious targets include:
- Developing a 900 MW data centre capacity.
- Attracting investments worth INR 30,000 crores.
- Establishing at least eight state-of-the-art private data centre parks.

Key Features of the Policy

1. Financial Incentives

The policy offers substantial financial incentives to developers of Data Centre Parks, Data Center Units, MSMEs, start-ups, and edge data centres.

- **Interest Subsidy:** Developers of data centre parks can avail of up to 60% of annual interest reimbursement for seven years, capped at INR 50 crore per park.
- **Land Subsidy:** In the Madhyanchal and Paschimanchal regions, developers receive a 25% land subsidy, which increases to 50% in Bundelkhand and Purvanchal. However, the land subsidy is restricted to 7.5% of the total project cost or INR 75 crore.
- **Stamp Duty Exemption:** Developers are granted a 100% exemption on the first land transaction and 50% on the second, incentivizing the purchase and lease of land.
- **Electricity Subsidies:** The government offers a dual-grid power supply to the first eight data centre parks. Additionally, there are exemptions on wheeling and transmission charges for both intrastate and interstate power sales.

For Data Center Units, the incentives include:

- **Capital Subsidy:** Units can avail a 7% subsidy on fixed capital investment, excluding land and buildings, up to INR 20 crore.
- **Electricity Duty Exemption:** A 100% exemption from electricity duty is offered for ten years post-commercial operation.

Start-ups and MSMEs also benefit from incentives outlined in the UP MSME Policy or UP Startup Policy, encouraging innovation in cloud-based solutions.

2. Non-Financial Incentives

In addition to financial perks, the policy offers robust non-financial incentives:

- **Mission Critical Infrastructure:** The data centre industry is classified under the Essential Services and Maintenance Act (ESMA), ensuring uninterrupted operations.
- **Relaxation in Building Norms:** The policy provides flexibility in building codes, such as increased floor area ratio (FAR), partial completion certificates, and relaxation of parking requirements.
- **Water Supply:** Industrial Area Development Authorities will ensure a continuous supply of water to data centre units, both inside and outside data centre parks.

These incentives are designed to mitigate the high costs of building and operating data centres, making the state an attractive investment destination.

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Governance and Policy Implementation

The success of the Uttar Pradesh Data Center Policy hinges on effective governance. To ensure seamless implementation, the state has introduced a three-tier governance model:

- **Nodal Agency:** The Department of IT & Electronics, the state acts as the Nodal Agency, responsible for creating a conducive policy environment and handling single-window clearances via the Nivesh Mitra portal.
- **Policy Implementation Unit (PIU):** The PIU, chaired by the Principal Secretary of the Department of IT & Electronics, oversees policy implementation, investment approvals, and incentive disbursements.
- **Empowered Committee:** The Chief Secretary of the state chairs the Empowered Committee, which monitors policy execution and resolves investor issues. Projects worth more than INR 200 crore are subject to approval from the state cabinet based on the committee's recommendations.

Edge Data Centers and Centers of Excellence

Recognising the importance of decentralized data storage, the policy incentivizes the establishment of Edge Data Centers. These smaller, localized centres reduce latency, providing faster access to data and enhancing user experience. Units setting up at least 25 edge data centres in a single proposal enjoy the same benefits as larger data centres.

The policy also aims to create Centers of Excellence (CoEs), fostering innovation, research, and entrepreneurship in the data centre sector. These centres, established in collaboration with academic institutions and industry leaders, will receive up to 50% of the project cost, subject to a maximum of INR 10 crore.

Enhancing Uttar Pradesh's Competitiveness

By focusing on financial incentives, infrastructure improvements, and non-financial support, the Data Center Policy aims to make the state a leader in the data centre industry. The strategic location of Noida, combined with attractive subsidies and a strong governance framework, creates a favourable business environment.

The policy not only caters to global and domestic investors but also nurtures MSMEs and start-ups, enabling them to play a critical role in the data centre ecosystem. This is a step forward in the state's broader goal of promoting digital infrastructure, enhancing IT-enabled governance, and making data-driven services accessible to all citizens.

The Uttar Pradesh Data Center Policy is a visionary framework that underscores the state's potential as a hub for data centre investments. By offering a mix of financial and non-financial incentives, the state is well-positioned to attract major global players while fostering local innovation. As the demand for data storage continues to rise, this policy is set to transform the state into a pivotal player in India's digital economy.