



Government Highlights Rapid Expansion of Data Centre Capacity to Support India's Growing Digital and AI Infrastructure

प्रविष्टि तिथि: 06 AUG 2026 4:14PM by PIB Delhi

In line with Hon'ble Prime Minister Shri Narendra Modi's vision, the Government is democratising the development and usage of technology.

Data centres are an important & integral component of the overall Digital India Infrastructure ecosystem. The Data Centre industry in India has been growing at a steady pace. The rapid growth of AI and high-performance computing is driving increasing demand for data centre capacity in the country.

Data Centres in India are majorly developed, owned, and operated by private companies. Companies evaluate factors such as demand projections, operational expenses, availability of power, skilled manpower and long-term business viability before choosing locations for establishing a Data Centre. Based on commercial demand, Data Centres are set up in different locations keeping in mind consumers' needs.

The investments in the sector are coming from both domestic as well as global players. The Government of India does not provide any subsidy for establishment of data centres.

Data centres are located across the country such as Mumbai, Navi Mumbai, Chennai, Hyderabad, Bengaluru, Delhi NCR and Gujarat. The installed capacity has grown from 375 MW in 2020 to current capacity of about 1,575 MW.

The Data Centre industry is now further expanding in states like Andhra Pradesh, Madhya Pradesh, Chhattisgarh & West Bengal which are coming up with new investment destinations.

The water requirement of data centres depends on the type of cooling technologies deployed. Regulation and control of groundwater extraction, including for industrial purposes, is governed by the guidelines issued by the Ministry of Jal Shakti.

The industry is increasingly adopting advanced cooling technologies such as direct-to-chip liquid cooling, adiabatic cooling and immersion cooling.

With the evolution of AI infrastructure, cooling technologies are also moving towards closed-loop liquid cooling systems. Industry is also deploying high density racks to efficiently support high-performance computing & AI workloads for further reduction of power and water consumption.

Together, these technologies are significantly improving Water Use Efficiency (WUE) by lowering the water requirement across data centre operations.

This information was submitted by Union Minister of State for Electronics and Information Technology Shri Jitin Prasada in Lok Sabha on 05.08.2026.

Vinod Kumar / Kanishk Sharma

(रिलीज़ आईडी: 2295483) आगंतुक पटल : 944

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