

India Plans a New Data Centre Policy: UPSC Current Affairs

India is preparing a dedicated **Data Centre Policy** to strengthen its digital infrastructure and attract investment in cloud computing and artificial intelligence (AI). On 14 October 2026, the government indicated that the policy would address the growing electricity requirements of data centres and help prevent higher power costs for ordinary consumers. NITI Aayog's Frontier Tech Hub has also proposed an evaluation framework focusing on electricity and water availability, environmental safeguards and measurable economic benefits. <Cite refs=[{"turn830702news2","turn830702search0"}]/>

What Is a Data Centre?

A **data centre** is a facility that houses servers, storage systems and networking equipment to store, process and manage digital information. It supports online banking, e-governance, e-commerce, cloud computing, social media and AI applications.

Key Objectives of the Proposed Policy

- **Attract investment:** Encourage domestic and foreign investment in digital infrastructure.
- **Improve ease of doing business:** Streamline approvals and support the development of large-scale data centres.
- **Strengthen AI infrastructure:** Provide computing and storage capacity for AI development and deployment.
- **Ensure reliable power supply:** Assess grid capacity before approving projects with substantial electricity requirements.
- **Promote sustainability:** Encourage efficient water use, renewable energy and environmentally responsible cooling systems.
- **Generate economic benefits:** Link public incentives to outcomes such as employment, local procurement and infrastructure development. <Cite refs=[{"turn830702news6","turn830702search0"}]/>

Why Is the Policy Important for India?

1. Growth of the Digital Economy

Data centres form the backbone of digital services. Their expansion can support

innovation, productivity and the delivery of government services.

2. Artificial Intelligence and Technological Development

AI applications require significant computing power. Reliable domestic data-centre infrastructure can strengthen India's AI ecosystem and reduce dependence on infrastructure located abroad.

3. Investment and Employment

The sector can attract large investments and create opportunities in engineering, cybersecurity, cloud services, construction and facility management.

4. Data Security and Resilience

Well-designed domestic infrastructure can improve control over data storage and strengthen business continuity. However, data localisation alone does not guarantee data security; strong cybersecurity and privacy safeguards remain essential.

Major Challenges

- **High electricity demand:** Large data centres operate continuously and can put pressure on electricity grids.
- **Water consumption:** Some cooling systems require substantial quantities of water, creating concerns in water-stressed regions.
- **Environmental impact:** Dependence on fossil-fuel-based electricity can increase carbon emissions.
- **Regional inequality:** Concentration in a few cities may increase pressure on local infrastructure.
- **Cybersecurity risks:** Data centres must protect sensitive information against cyberattacks and unauthorised access.

Way Forward

India should adopt a transparent, performance-based policy that assesses electricity and water availability before granting approvals. Incentives should encourage renewable energy, energy-efficient cooling, water recycling and measurable employment benefits.

Coordination among the Centre, states, electricity regulators and local authorities will be important. Strong cybersecurity standards and compliance with applicable data-protection laws should accompany infrastructure expansion.

UPSC Exam Relevance

- **Prelims:** Data centres, cloud computing, AI infrastructure and the Digital Personal Data Protection Act, 2023.
- **Mains GS Paper III:** Science and technology, digital infrastructure, economic development and environmental sustainability.
- **Essay:** Balancing technological growth with sustainable resource use.

Possible UPSC Mains Question: *“India’s ambition to become a global digital infrastructure hub must be balanced with energy security and environmental sustainability.” Discuss.*

Conclusion

A dedicated Data Centre Policy can strengthen India’s digital economy, AI capabilities and investment environment. Its success will depend on combining faster infrastructure development with reliable electricity, responsible water use, environmental protection and robust data security.

SEO Title: India’s New Data Centre Policy: UPSC Current Affairs

Meta Description: Understand India’s proposed Data Centre Policy, its objectives, AI infrastructure benefits, electricity and water challenges, and UPSC Prelims and Mains relevance.

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