



# Draft Data Centre Policy 2020

## Why in News

Recently, the **Ministry of Electronics & Information Technology (MeitY)** has released the **Draft Data Centre Policy**, which aims to simplify clearances for setting up data centres in the country.

## Key Points

### ▪ Vision of the Draft Data Centre Policy:

- Making **India a Global Data Centre hub**,
- **Promote investment** in the sector,
- Propel **digital economy** growth,
- Enable provisioning of trusted hosting infrastructure to fulfil the growing demand of the country and facilitate state of the art **service delivery to citizens**.

### ▪ Terms Defined:

- **Data Centre:** It is a dedicated secure space within a building/centralized location where computing and networking equipment is concentrated for the purpose of collecting, storing, processing, distributing or allowing access to large amounts of data.
- **Data Centre Parks:** These are specialized secure Data Zone, strategically located with the most conducive non-IT and IT infrastructure, and regulatory environment for housing mix of small scale/large scale clusters of Data Centres to serve the high needs of compute, storage, networking and provision of a wide range of data-related services.

### ▪ Provisions:

- Providing **Infrastructure Status to the Data Centre Sector**, at par with other sectors like Railways, Roadways, and Power.
  - The status will help the sector **avail long-term credit from domestic and international lenders** at easier terms and will give a boost to the investments.
- **Demarcation of specific zones** with necessary infrastructure such as roads, running water and electricity to set up data centre parks.
- A **single-window, time-bound clearance system** for all the approvals required to set up a data-centre park.
- **Formulation of Data Centre Incentivization Scheme (DCIS)** which will specify the intended beneficiaries, applicability criteria and fiscal and non-fiscal incentives for the sector.
- Setting-up at least four **Data Centre Economic Zones (DCEZ)** in the country, as a Central Sector Scheme - DCEZ Scheme. DCEZs would create an ecosystem of Hyperscale Data Centres, Cloud Service Providers, IT companies, R&D units and other allied industries.
- In order to address the issues around the high consumption of power, data centre parks would be encouraged to **set up their own power generation units**, and use **renewable energy**.
- Data centres will be declared as an **Essential Service** under **“The Essential Services Maintenance Act, 1968 (ESMA)”** which means that there would be a continuity of services even during times of calamities or crisis.
- **Strengthening the [Atmanirbhar Bharat initiative](#)** by identifying possible opportunities of

manufacturing of data centre equipment (IT as well as non-IT) in the country.

- The Policy also identifies possible areas of participation by micro, small, and medium enterprises and start-ups.
- Collaboration with the **Ministry of Skills Development and Entrepreneurship (MSDE)** and leading academic institutes to impart large scale training to workforce on Data Centre, Digital and Cloud technologies, and facilitate sector linkages for such trained workforce.
- An **Inter-Ministerial Empowered Committee (IMEC)** would be set up under the Chairmanship of Secretary, MeitY, with participation from various Central Ministries and State Governments.
  - It shall be the **key decision-making body** to facilitate the implementation of various measures as defined under this policy framework, enabling ease of doing business in the sector.
- An independent **Data Centre Industry Council (DCIC)** is proposed to be set up, which would act as an interface between the sector and the Government.

## Need for a Data Centre Policy

- The need to set up data centre infrastructure in India comes against the backdrop of [data localization norms under the proposed personal data protection legislation](#) and for **“protection of the digital sovereignty of the country in an increasingly connected world”**.
  - Launch of [National Digital Health Mission \(NDHM\)](#) and [Global Partnership on Artificial Intelligence \(GPAI\)](#), which involve use of data.
- The **size of the digital economy** in India is estimated to grow from USD 200 billion in 2017-18 to USD 1 trillion by 2025.
  - India has witnessed **an exponential growth in digital-commerce, digital entertainment and use of social media**.
  - India’s **mobile data consumption is already the highest in the world** and is constantly increasing.
- India also offers **advantages** of having a favourable geographical location on the world map, availability of economic resources, established global connectivity through submarine cables, easy and cost-effective access power and readily available skilled manpower, enabling the nation to become a **global Data Centre hub**.
- There are **known impediments to the growth of data centre sector** such as lack of infrastructure or Industry status of the Data Centres, complex clearance processes, time consuming approvals, high cost of power, lack of published standards, absence of specialised building norms for building the Data Centres, submarine cable network connectivity limited to few states and high cost of capital and operational expenditure etc.
  - Further, the data centre industry has been **largely concentrated in top 4 cities**, with Mumbai, Delhi, Bengaluru and Chennai accounting for 60% of total sites.

## Way Forward

- The data centre expansion will be supported by growth in data volumes to support high growth in e-commerce, increase in usage of social media, greater preference for over the top (OTT) platforms, the government’s impetus to the [Digital India initiative](#) and rapid digitalisation of services across industries ([Industry 4.0](#) and [5G](#)).
- Currently, there is no large-scale foreign investment in data centres in the country. India could essentially become a data centre hub for global enterprises, if the government has a clear cut policy around it.

**Source: IE**

