



KRANTI NATION
PRANJAL SHARMA

India's data centre sector isn't fully sovereign

Data sovereignty has become a national priority, compelling policymakers to advocate for infrastructure governed by domestic entities. As global leaders convene at the AI Impact Summit to deliberate on governance, the ownership of data centres must emerge as a central theme. Ultimately, the robust protection and processing of a nation's citizens' data necessitates a framework of predominant domestic ownership.

The Indian data centre industry has had a surge in investments recently. Indian and international conglomerates plan to invest an estimated \$50 billion in the next five to seven years, as the country's data centre capacity expands from around 1.1 gigawatt to 9 GW.

Space is the new frontier for data centres. Agnikul Cosmos, a Chennai-based space technology startup, is partnering with NeevCloud, a sovereign AI Cloud infrastructure company, to create India's first AI-driven orbital data centre in low Earth orbit. The project marks a major technological progress by moving AI-compute infrastructure from Earth to space. The objective is to bypass terrestrial limitations like power, cooling requirements, and network latency.

A proof-of-concept mission is planned before the end of this year, with commercial operations targeted for 2027. The two companies aim to have a constellation of more than 600 orbital edge data centres over three years.



SOARING HARDWARE INVESTMENT MASKS DEEP PLATFORM DEPENDENCE. TRUE SOVEREIGNTY REQUIRES MOVING BEYOND PHYSICAL OWNERSHIP TO DOMESTIC CONTROL OF TECHNOLOGY

The partnership will strengthen India's domestic sovereign data centre capabilities. "There is no single official government dataset that classifies Indian data centre capacity by domestic versus foreign control. However, industry capacity disclosures and ownership structures allow for a reasonable, defensible assessment," says Arun Malhotra, chief executive officer of Parity Infotech Solutions. Parity is an India-focused digital infrastructure and systems integration company specialising in data centre architecture, Cloud platforms and secure compute environments. Based on operator market share and ownership, Parity's assessment suggests that domestic-controlled data centre capacity is around 40-45 per cent; foreign-controlled at 35-40 per cent; and joint ventures/mixed at 15-20 per cent.

"On paper, this appears broadly balanced. However, ownership alone is a weak proxy for control," Malhotra says. The picture changes materially when hyperscaler cloud regions — massive, geographically defined clusters of data centres — are included. Hyperscaler Cloud infrastructure in India is entirely foreign-controlled, even when it is physically hosted in the country. While disclosures about their capacity are limited, hyperscaler Infrastructure is growing faster than domestic colocation. Effective control over compute, AI platforms, orchestration, and lifecycle management remains external, Malhotra says when hyperscalers and platform control are factored in, foreign influence over effective compute capability in India is likely the majority, even if physical infrastructure is domestic.

Reducing dependence on foreign technology vendors does not mean eliminating them but mitigating single-point reliance and lock-in. Progress can be tracked through six annual metrics: Vendor concentration, platform exit readiness, indigenous value contribution, lifecycle and licensing control, supply-chain and geopolitical exposure, and sovereign capability adoption rate. These indicators reveal whether India is building resilience and optionality into its digital infrastructure.

Measurement matters because without it sovereignty remains rhetorical, procurement reinforces lock-in, and risks surface only during crises. With measurement, governments can set targets, boards can price technology risk, investors can back sovereign capability, and procurement can reward resilience. This is not a defensive strategy but a growth opportunity. Strengthening domestic hardware ecosystems and positioning India as a digital partner for emerging economies can transform technology sovereignty into a competitive advantage.

The bottom line is clear: India's data centre ecosystem is only partially sovereign. Ownership balance masks deep platform-level dependence. Sovereignty is measurable, but only through composite metrics.