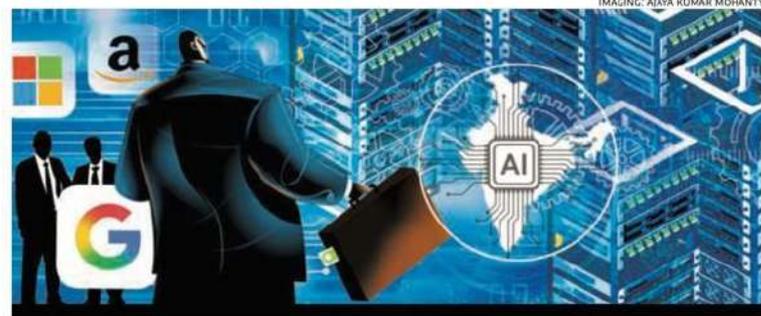


Big Tech boost to India's AI engine

Amazon, Google and Microsoft are investing big in India. This may support the development of AI infrastructure and local data hosting



SHELLEY SINGH
New Delhi, 11 November

Global Big Tech is betting big on India. Just last month, Google announced its single largest investment in the country — \$15 billion to build an artificial intelligence (AI) and data hub in Visakhapatnam, Andhra Pradesh. Earlier this year, Amazon Web Services (AWS) pledged \$2.7 billion in Cloud infrastructure by 2030, and Microsoft unveiled a \$3 billion plan to expand its AI and data centre footprint over the next two years.

These plans underscore a big shift — India has become the new fulcrum for global digital expansion. Once the world's information technology (IT) services back office, India is now emerging as the engine room of global AI, where data, talent and demand converge at scale. If the IT services wave that created a \$300 billion industry employing 6 million was led by local companies, the AI ecosystem is being driven by global Big Tech, now betting on India.

Saikat Banerjee, partner and leader in Bain & Company's AI, insights and solutions practice, India said, "these investments will go a long way in supporting cloud-based, enterprise-grade AI applications as well as hosting significant

data estate on the cloud." He sees benefits across the ecosystem.

Besides, India offers a rare mix of scale, talent and economic depth, pointed out Praveen Bhadada, CEO of Neovay Global, a Gurgaon-based consultancy. "India is a \$5 trillion economy in the making. India has 170 public-listed companies with revenue exceeding \$1 billion, over 100,000 startups, and more than 1,800 global capability centres (GCCs) — India is no longer a peripheral node in the tech and AI value chain. It's becoming the engine room," Bhadada noted.

Engine room

For Google, AWS, Microsoft, India is both a market that scales innovation and a talent hub that shapes it. According to Bengaluru-based consultancy Unearthinsight, India is one of the world's largest digital markets and a base of developers and engineers driving next-gen innovation, with over 1.2 billion internet users expected by 2030.

But the strategic logic extends beyond market size. As Gaurav Vasu, CEO of Unearthinsight, said, "Regulatory requirements are also pushing companies to invest in India. The Digital Personal Data Protection Act (DPDPA),

for instance, mandates data localisation, driving demand for local Cloud infrastructure. At the same time, government programmes like BharatNet and Smart Cities Mission which aim to expand fiber connectivity are extending digital connectivity deep into India's heartland."

Add to that the cost advantage — land and power are cheaper than in the US/Europe — and a strong policy push towards renewable energy make India a compelling long-term play.

Microsoft, which was among the first to announce Indian investments in 2025, plans to put in \$3 billion in cloud and AI infrastructure. This is its largest-ever expansion in the country.

"India is at the heart of the global AI transformation," said Puneet Chandok, president of Microsoft India and South Asia. "India offers the scale, talent and ambition to lead in this new AI era."

Microsoft's investment rests on three pillars — infrastructure, skilling, and ecosystem development. The company is expanding its hyperscale cloud and AI data centres, adding new regions such as the India South Central data centre, which will go live in 2026. These facilities, Chandok said, are designed for sustainability, security,

and performance, and form the backbone of India's emerging AI economy. By 2030, Microsoft aims to equip 10 million Indians with AI-related skills. So far, in FY25, 5.6 million have received training in AI skills.

Microsoft is enabling startups, digital natives, and enterprises to build and deploy AI — from online education platform Physics Wallah's AI-driven learning suite, 'Alakh AI', to collaborations with enterprises like Apollo Hospitals and the Mahindra Group. The company is also working with the government to establish AI productivity labs and centres of excellence under the IndiaAI Mission.

"These aren't just data centres. They're engines of economic growth — powering startups fine-tuning language models to large enterprises deploying AI agents at scale," said Chandok.

While Google's parent Alphabet will invest \$15 billion to, among other things, build an AI data hub in Andhra Pradesh, this will be part of Google's global network of AI centres across 12 countries. This is the largest AI hub Google is building anywhere in the world outside the US. The facility in Visakhapatnam will integrate AI infrastructure, renewable energy, and a new subsea cable gateway, creating India's first gigawatt-scale data centre campus. It is expected to go live between 2026 and 2030 and create over 100,000 jobs. The facility will enhance low-latency AI processing, especially for generative AI workloads that require massive computing power and real-time connectivity.

Cloud major Amazon Web Services (AWS) has charted its own ambitious road map — a \$12.2 billion investment by 2030, including \$8.3 billion in Maharashtra alone. AWS's expansion is expected to support around 81,000 full-time jobs annually in the data centre supply chain by the end of the decade. The focus is on building resilient, low-latency cloud capacity to serve India's rapidly growing enterprise market and AI startups.

Global impact

The strategic drivers for these investments go far beyond Cloud adoption. As Banerjee of Bain & Company, pointed out, "The advent of AI has led to a renewed interest in building applications natively in the Cloud, especially those that cater to AI and analytics workloads. These investments will go a long way toward supporting enterprise-grade AI applications."

Banerjee explained that a gigawatt-scale data centre can serve diverse use cases — from low-latency video streaming as more Indian consumers take to OTT to tasks such as image recognition or computer vision, research



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Puneet Chandok
President, Microsoft India and South Asia

simulations and AI model training. Startups will benefit from affordable compute power, while universities can run advanced research workloads.

Enterprises, too, stand to gain from lower operating costs, faster time to market, and scalable infrastructure — key levers in global competitiveness. "The entire domestic ecosystem stands to benefit from these investments, subject to the affordability and ease of use of the massive cloud compute capacity that will become available," Banerjee added.

For years, India was the world's IT back-office — exporting software and services to global markets. The new wave of AI investments, however, recasts its role entirely. "India is now a market that scales innovation, a talent hub that shapes it, and a policy innovator that guides it," said Microsoft's Chandok.

As a market, India's scale allows companies to test and deploy technologies that serve millions. Its early adoption of digital public infrastructure — Aadhaar, UPI, ONDC, DigiLocker, DigiYatra — provides a living testbed for AI-enabled governance and payments. As a talent hub, India produces 2.5 million STEM graduates every year and accounts for 16 per cent of global AI talent. It also hosts the world's second-largest developer community on GitHub, after the US.

The impact of these investments

Factors behind Big Tech investment in India

Massive digital consumption market:

India will have 12 billion internet users by 2030, with a burgeoning mobile broadband base and smartphone penetration fueling vast mobile-first internet usage and digital consumption.

Scale of data centre market:

India's data centre market is rapidly expanding with current capacity of around 1.5 Gw, which is expected to grow to 17 Gw by 2030. Mini and edge data centres in Tier-II, III cities, and rural areas represent a huge opportunity with a projected \$8 billion market by 2030.

Growing enterprise Cloud adoption:

Indian enterprises are moving aggressively to cloud services, with hybrid Cloud and AI workloads driving demand for cloud infrastructure. SOURCE: UNEARTHINSIGHT

will ripple across India's domestic ecosystem — from startups to academia and public institutions.

Startups will gain access to hyperscale compute capacity at lower costs, enabling them to train large models and deploy generative AI products. AWS and Microsoft already provide cloud credits, mentorship, and AI Founders programs that support thousands of Indian entrepreneurs.

Academia will benefit from access to high-performance research infrastructure for AI modeling, language processing, and scientific simulations.

The public sector stands to gain as well, with new AI productivity labs and centres of excellence planned under the India AI Mission — part of India's broader ambition to become a developed nation by 2047.

For the tech giants, India offers both immediate returns and long-term strategic gains. As Bhadada of Neovay Global puts it, "Big Tech isn't investing in India just as a market — they're co-building the next generation of global AI and cloud ecosystems here."

For India, these partnerships promise something bigger: a leap in digital capacity, AI innovation, and economic resilience. Together, they could accelerate the country's transformation into a global AI hub, just as IT services did in the 1990s, 2000s, and continue to do.