Dipen D Shah & Associates
CHARTERED ACCOUNTANTS

VIKSIT GUJARAT DATA CENTER POLICY (2026–2029)

604, Block B,Addore Aspire 2,Opp.Old Passport office, University Road,
Nr.Jhanvi Restaurant, Gulbai Tekra, Ahmedabad 380009

1 Preamble

Data centers are shifting from being simple, cost-driven infrastructure to strategic hubs powering AI, cloud computing, and digital innovation, now essential to business competitiveness and national digital security, and over the past five years, India has seen explosive internet growth, driven by cheap smartphones, low-cost data, and government programs like Aadhaar, UPI, and DigiLocker, with this growth now extending well beyond major cities into rural and non-metro regions, sharply increasing the need for distributed data infrastructure. To keep pace, India requires a strong domestic data-center network ensuring low latency, security, and compliance with data-localization rules, and capacity has grown from 350 MW in 2019 to 1,030 MW in 2024, expected to cross 2 GW by 2027, backed by nearly USD 32 billion in investment over the last two years. Gujarat is positioning itself as a leading hub within this expansion, aligned with the Viksit Bharat@2047 and Viksit Gujarat@2047 visions, offering a strong industrial base, 69 GW of power capacity, renewable energy leadership, and hubs like GIFT City and Dholera SIR, and with over 5,000 ICT companies and 12,900+ startups, Gujarat aims to attract global hyperscalers and cloud providers, becoming a key pillar of India's data-driven digital economy.

2 Vision

To position Gujarat as India's leading hyperscale AI data center destination by developing a scalable, secure, and sustainable digital infrastructure ecosystem that supports global cloud providers and anchors the nation's digital economy.

3 Objectives

- Position Gujarat as a globally competitive hub for data centers
- Promote sustainable, energy-efficient data centers by leveraging Gujarat's renewable energy leadership and round-the-clock power solutions
- Attract hyperscalers & cloud service providers through competitive incentives, fast-tracked approvals, and well-designed hyperscale-ready governance.
  Strengthen data security, digital resilience, and technological self-reliance
- Enable innovation across cloud, AI, high-performance computing, and digital services by nurturing collaboration between industry, academia, startups, and technology service providers.
- Create high-value jobs and clear skill-development pathways by building an advanced digital workforce for data centers, cloud engineering, cybersecurity, and emerging technologies.

4 Targets

- Strengthen Gujarat's position as a leading destination for hyperscale and colocation data centers by attracting global and domestic operators and building a competitive digital-infrastructure ecosystem.
- Achieve the establishment of 7.5 GW data center capacity in Gujarat, positioning the state as a key pillar of India's national data center growth strategy, by developing a hyperscale-ready ecosystem through proactive policy support, investor-friendly governance, and fast-tracked approvals that catalyze large-scale, long-term digital infrastructure development.

5 Definitions

a. **'DIT'** means Directorate of ICT and e-Governance, Government of Gujarat.

b. **'DST'** means Department of Science and Technology, Government of Gujarat.

c. **'Government'** means the Government of Gujarat.

d. **'Eligible Fixed Capital Investment (EFCI)'** refers to the expenditure incurred by a Data Center Entity on core technical infrastructure, including buildings and civil construction activities, electrical systems, mechanical and cooling systems, power-backup infrastructure, Battery Energy Storage System executed on captive basis, data-center-specific equipment, networking and cabling systems, security and fire-safety installations, and other essential fixed systems required to make the facility operational. EFCI excludes the cost of land, land development, and cost of semiconductor chips. The Eligible Fixed Capital Investment (EFCI) considered under this Policy shall not exceed 80% of the total Fixed Capital Investment (FCI) of the approved Data Centre Entity or INR 60,000 Crore, whichever is lower. For the purpose of this Policy, the aforesaid EFCI ceiling shall be applicable for a 1-Gigawatt (GW) Data Centre project, and the admissible EFCI ceiling for projects of higher or lower approved capacity shall be determined on a proportionate pro-rata basis.

e. **'Eligible Investment Period'** means the period of 8 years commencing from the date of grant of in-principle approval under this Policy, during which the eligible investments made towards Fixed Capital Investment (FCI) and Eligible Fixed Capital Investment (EFCI) shall be considered for determination of eligibility and calculation of incentives under this Policy. The Eligible Investment Period may, on a case-to-case basis, be extended by the High Powered Committee (HPC) for a maximum period of two (2) years, where the Data Centre Entity has made substantial investment, undertaken significant project implementation activities, and demonstrated satisfactory progress towards completion of the approved project.

f. **'Data Centre Entity'** means an entity, including a company, Special Purpose Vehicle (SPV), partnership, trust, body corporate, or any legally recognized organization, that owns, leases, develops, establishes, holds, or controls the land, building, or core infrastructure of a Data Centre or Integrated Data Centre Park, either directly or through subsidiaries, affiliates, or group entities, and is responsible for investment, development, operation, sub-leasing, management, or overall administration of the Data Centre or Data Centre Park.

g. **'Floor Space Index (FSI) / Floor Area Ratio (FAR)'** FSI or FAR means the ratio between the area of a covered floor (Built up Area) to the area of that plot (land) on which a building stands.

6 Incentives

The incentives mentioned in this section apply to eligible entities, in addition to any incentives that they might be entitled to avail from the Government of India. However, any applicant claiming incentive from other policies of the Government of Gujarat are not permitted to claim incentives under this Policy.

6.1 Incentives

Sr. No.	Investment category	Incentives
1	Capital Subsidy (Applicable only for Dholera Region)	Capital subsidy of 2.5% on Eligible Fixed Capital Investment (EFCI) made within the eligible investment period under this Policy. The eligible entity may submit claim(s) for such incentive up to a period of 10 years from the date of grant of in-principle approval under this Policy.
2	Interest Subsidy	Up to 4% interest subsidy for 10 years, capped at INR 25 Crores per year; applicable only on term loan portion used for FCI.
3	Power Tariff Subsidy on consumption by Data Center Entity	Power tariff subsidy at the rate of INR 1 per unit for a period of 20 years from the date of commencement of commercial operations.
4	Stamp Duty and Registration Fees	100% exemption on Stamp Duty and Registration Fees paid to the Government for lease/purchase of land.
5	Electricity Duty	100% reimbursement of Electricity Duty actually paid for a period of 20 years from the date of commencement of commercial operations, subject to applicable laws, rules, and regulations.
6	State Goods and Services Tax (SGST)	100% SGST paid on purchase of plant & machinery for Data Center shall be eligible for reimbursement for a period of 8 years from the date of grant of in-principle approval under this Policy to the extent of permanent reversal of ITC of such SGST. 100% SGST paid on building & allied infrastructure consumption for Data Center shall be eligible for reimbursement for a period of 8 years from the date of grant of in-principle approval under this Policy to the extent of permanent reversal of ITC of such SGST. 100% net SGST on eligible services (operational revenue) consumed within the State, shall be eligible for reimbursement for a period of 20 years from the date of commencement of commercial operations under this Policy.

6.2 Special provisions for building norms

Sr. No.	Category	Description of support
1	Floor Space Index Relaxation	Data Center Entity shall be allowed additional FSI permitted under applicable local Development Control Regulations (DCR).
2	Parking relaxation	The parking area requirement of Data Centre Entity will be 1 Equivalent Car space per 1000 Sqm built up area of the designated office area.
3	Multi level DG stacking	The Utilities, DG Sets and Distribution Transformers would be allowed to stack at each floor or at rooftop as per the prevailing provisions of respective GDCR entity as applicable, provided NOC from the Fire Safety Department is obtained.
4	Ground coverage	Up to 70% ground coverage shall be allowed to the Data Center Entity.
5	Floor to ceiling height (One floor)	There would be no restriction on floor to ceiling height within the permissible limit as per National Building Code & relevant rules/provisions, and compliance with overall height regulations and suitable structural and fire safety regulations.
6	Installation of chillers on the rooftop	Chillers on the roof can be installed without inclusion in FAR but subject to structural safety and clearance from Airports Authority of India.
7	Boundary Wall	Data Center Entity shall be permitted to build up to 3.6 m height boundary wall as per relevant Gujarat Development Control Regulations (GDCR).
8	Internal Roads as per Fire and Safety Norms	Internal road width shall be allowed as per applicable Fire and Safety norms for Data Centre Entity.
9	Underground water tank	Construction of underground fire water tanks shall be permitted within the area reserved for Recreational Ground (RG), subject to a maximum utilization of 50% of the RG area, in compliance with applicable Fire and Safety norms.

6.3 Facilitation for establishment of Captive Desalination Plant

Sr. No.	Category	Description of support
1	Facilitation for establishment of Captive Desalination Plant	Data Centre Entity establishing a Captive Desalination Plant will be provided additional support of 20% of capital expenditure (on eligible capex components excluding land cost) or INR 2 crore/MLD whichever is lower for plants with a capital support up to 20 MLD for 1 gigawatt Data Center Capacity, with proportionate scaling (e.g., up to 10 MLD for 500 MW, up to 5 MLD for 250 MW). The assistance provided under this provision shall form part of, and be counted towards, the overall ceiling on total financial incentives admissible under this Policy.

6.4 Non-Fiscal Benefits for Data Centre Sector in Power Supply

Sr. No.	Category	Description of support
1	Distribution License	The State Government may facilitate and support applications of Data Centre Entity, either directly or through an infrastructure co-developer, to the Gujarat Electricity Regulatory Commission (GERC) for grant of distribution license for Data Center Activity.
2	Transmission lines and substation related infrastructure	The State Government will facilitate provision of dual power supply to the Data Centre Entity substation through two independent and electrically diverse incoming feeders, sourced from the State Transmission Utility (STU) or Central Transmission Utility (CTU) network, as applicable.
3	Open Access	Recognizing that electricity constitutes a major component of the operational expenditure of Data Centres, such projects shall be permitted to procure power through Open Access as per the prevailing regulations.

6.5 Other support

Sr. No.	Category	Description of support
1	Sub-leasing /Sub-letting of Land / built-up area	Sub-leasing or sub-letting of land and/or built-up area within a Data Centre Entity shall be permitted. The first instance of sub-letting shall be allowed without levy of any additional charges, fees, premium, or transfer charges, stamp duty subject to compliance with applicable laws, rules, and regulations.
2	24x7 Water availability	Round-the-clock (24×7) uninterrupted water supply shall be provided up to the doorstep of Data Centre Entity.
3	Facilitation for Statutory Approvals & Clearances	The State Government shall facilitate and support eligible Data Centre Entities in obtaining necessary approvals, clearances, registrations, permissions, and statutory compliances required for establishment and operation of Data Centre projects in the State. Applications under this Policy shall be processed through the Investor Facilitation Portal and/or DST Incentive Management Portal, as may be notified by the Government from time to time.

7 General provisions

7.1 Data Centre Entity shall ensure that a minimum of 51% of the electricity consumption for core Data Centre operations is sourced from green and renewable energy.

7.2 Total financial incentives shall be limited to 75% of Eligible Fixed Capital Investment (EFCI) made within 08 years and shall be disbursed over a period of 20 years.

7.3 Annual disbursement shall be capped at 5% of the total eligible incentive amount.

7.4 Any unutilized incentive amount exceeding the annual cap in a given year shall be carried forward and disbursed in subsequent years, subject to the overall annual cap and total eligible incentive limit.

7.5 For the purpose of this Policy, the Fixed Capital Investment (FCI) and Eligible Fixed Capital Investment (EFCI) of a Data Centre Entity may be made either independently or through a Joint Venture (JV), Special Purpose Vehicle (SPV), subsidiary, affiliate, developer, operator, user entity, or any combination thereof, and such investments shall be jointly aggregated and considered for determination of eligibility, project capacity, incentive calculation, approval, and disbursement under this Policy, subject to fulfillment of the prescribed eligibility conditions and approval of the High Powered Committee (HPC). Incentives under the Policy may be availed by the approved entity/entities in such manner as may be decided by the Government/HPC from time to time.

7.6 Only Data Centre projects with approved installed IT load capacity of 150 MW or above shall be eligible under this Policy.

7.7 For electricity consumption & energy accounting purpose, meters shall be installed in conformity of the Regulation of Central Electricity Authority, Indian Electricity Grid Code & Gujarat Electricity Grid Code, as applicable.

7.8 The incentives and support measures provided under this Policy shall be applicable only to investments, assets, infrastructure, and operations directly attributable to core Data Centre operations & activities.

7.9 The incentives and support under this Policy shall be available only for establishment of Data Centre projects up to an aggregate installed capacity target of 7.5 Gigawatt (GW) in the State.

7.10 The capital subsidy admissible on the Battery Energy Storage System (BESS) component shall not exceed 10% of the total Capital Subsidy claimed by the Data Centre Entity under this Policy.

8 Essential Services

The operation, management, maintenance and support of Data Centres operating within State of Gujarat shall be treated as an "Essential Service" under Gujarat Essential Services Maintenance Act, 1972.

Concluding Remarks

The Viksit Gujarat Data Center Policy represents a strategic commitment to positioning Gujarat as a leading digital infrastructure hub by fostering investment, innovation, sustainability, and employment generation. Through a supportive policy framework, robust infrastructure development, and industry-friendly incentives, the State aims to create a resilient and future-ready data center ecosystem that meets the growing demands of the digital economy. By encouraging collaboration among government, industry, and technology stakeholders, this policy will contribute significantly to Gujarat's economic growth, technological advancement, and vision of becoming a globally competitive destination for digital services and data-driven enterprises.

THANK YOU...

dipen@ddsaca.com
info@ddsaca.com

079-40039647