

### Introduction

India has the largest population on earth and is expected to become the world's third largest economy around 2030.<sup>1</sup> But there is more to India. India is fast becoming a tech story, attracting investment to technology companies and startups. On August 23, 2023, India became the fourth nation after the US, the USSR, and China to achieve a moon landing.<sup>2</sup> Closer to earth, India now produces one in seven iPhones.<sup>3</sup> After decades of solid economic growth, India is quickly gaining investor attention as a promising destination for their capital.

It not just Apple looking to build out its presence in India. Amazon and Microsoft have recently announced significant expansion of their facilities. The Indian government has sought to attract investment to ramp up its local cloud computing and artificial intelligence capabilities.<sup>4</sup> Amazon intends to invest \$12.7B in cloud infrastructure in India by 2030. Microsoft has announced a new \$3.7B investment in India "for the construction of data centres [sic] that would add 660 megawatts of IT capacity — equivalent to the annual electricity needs of about half a million European households."<sup>5</sup> India is already a significant country for Microsoft, as one in four software projects on GitHub, which is owned by Microsoft, are managed from India.<sup>6</sup> On-going US-India cooperation in technology and critical technologies is gaining momentum.

<sup>1</sup> Source: Oxford Economics as of May 2024.

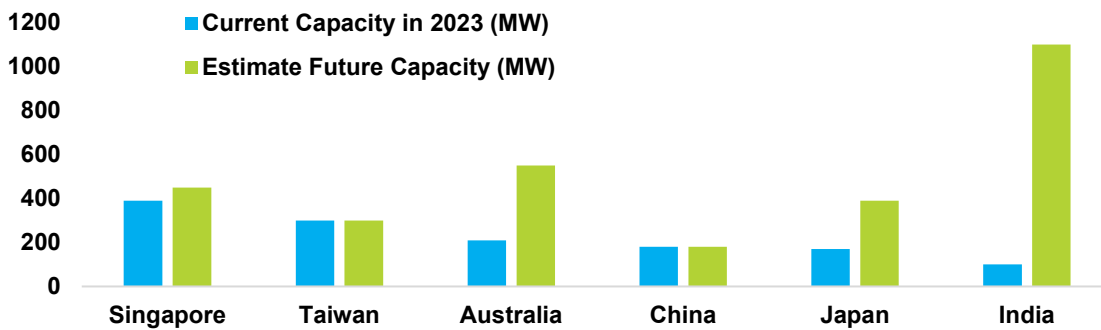
<sup>2</sup> Source: New York Times, "Chandrayaan – 3 Landed on the Moon on August 23, 2023," September 3, 2023. Japan became the fifth nation to land on the moon.

<sup>3</sup> Source: Bloomberg, S. Phartiyal, "Apple's India iPhone Output Hits \$14 Billion in China Shift," April 10, 2024.

<sup>4</sup> Source: Financial Times, B. Parkin et al., "India Pulls In Tech Giants for its AI Ambitions," June 16, 2024.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.



**FIGURE 1**  
**Amazon, Microsoft & Google Data Center Capacity By Country (MW)**

Source: Structure Research quoted in Financial Times, B. Parkin et al., "India Pulls In Tech Giants for its AI Ambitions," June 16, 2024. Hyperscalers includes Google, Microsoft, and Amazon.

Digital infrastructure is multi-dimensional in India. With over half of the population still living in rural and semi-rural areas, internet and wireless access may rely on satellites. India's two largest mobile companies are partnering with European satellite companies to compete with Elon Musk's Starlink satellites.<sup>7</sup> Mitta's Bharti Airtel plans to work with Eutelsat OneWeb to provide satellite internet and mobile phone capacity. Bharti Airtel "has obtained all the necessary approvals and can immediately launch once the new government allocates satellite spectrum following the national elections that ended in early June."<sup>8</sup> Meanwhile, Amabi's JioSpaceFiber, a telecom internet company owned by Reliance Industries, has its own internet space capacity with a partnership with SES satellite company.<sup>9</sup>

<sup>7</sup> Source: Financial Times, C. Kay et al., "Billionaires Sunil Mittal & Mukesh Ambani Take on India's Internet Space Race," June 8, 2024.

<sup>8</sup> Ibid.

<sup>9</sup> Source: SES, "Jio Platforms Ltd. And SES Announce Joint Venture to Deliver High Performance Satellite Broadband Across India," February 14, 2022. Financial Times, C. Kay et al., "Billionaires Sunil Mittal & Mukesh Ambani Take on India's Internet Space Race," June 8, 2024.

In addition to direct investment and joint ventures in India, private equity venture capitalists are joining the fray. In 2023, Sequoia Capital split into three venture capital firms, including a team focused on India called Peak XV.<sup>10</sup> Named after Mount Everest, Peak XV invested in 39 Indian companies last year.<sup>11</sup> Managing Director Shailendra Singh argues that his firm is benefiting from strong investor flows as they move funds away from China. "We think a reallocation from China to India is real," said Singh.<sup>12</sup> Likewise the Chair of EQT Asia is bullish on India, describing India as a more attractive investment destination. "The bar is high for China," says Jean Salat. Salat went on to say he was excited by investment opportunities in India. He "never felt so positive or confident in India as I do today . . . It does really remind me of the golden period that China went through between 2005 and 2015 . . ." <sup>13</sup>

<sup>10</sup> Source: New York Times, L. Hirsch, "VC Giant Sequoia Spins Off China and India Units," June 6, 2023.

<sup>11</sup> Source: Financial Times, M. Ruhl et al., "Former Indian Arm Reaps Benefits of Investors Moving Money from China," March 31, 2024.

<sup>12</sup> Ibid.

<sup>13</sup> Source: Financial Times, K. Wiggins, "Bar is High for China Deals, says EQT's Asia Private Equity Chair," June 3, 2024.

For more information on Understanding India, China or generative AI, please visit the **Thought Leadership** section of our **website** or click the links here to learn more.



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