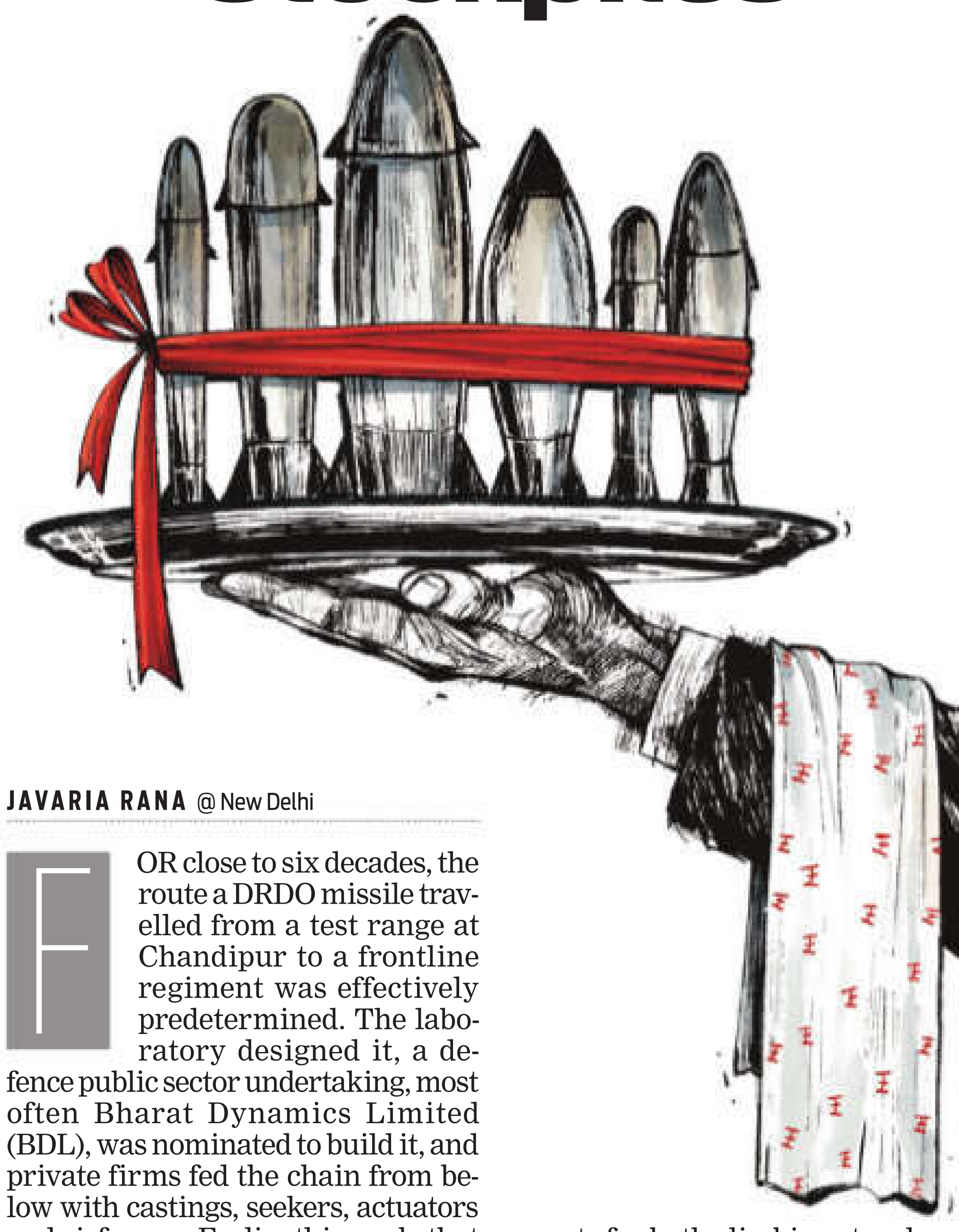
India is the world's second largest arms importer, according to new data released by the Stockholm International Peace Research Institute in March. Its largest imports came from Russia, at 40%—a smaller share compared to 51% in 2016–20 and almost half that in 2011–15 (70%)

India bets on PRIVATE INDUSTRY to build missile stockpiles



JAVARIA RANA @ New Delhi

FOR close to six decades, the route a DRDO missile travelled from a test range at Chandipur to a frontline regiment was effectively predetermined. The laboratory designed it, a defence public sector undertaking, most often Bharat Dynamics Limited (BDL), was nominated to build it, and private firms fed the chain from below with castings, seekers, actuators and airframes. Earlier this week, that arrangement was formally dismantled.

What exactly has the ministry approved?

Defence minister Rajnath Singh on Tuesday cleared the transfer of technologies (ToT) developed by the DRDO for all conventional missile systems to Indian defence companies for production within the country. The defence ministry called it a milestone in enabling the domestic industry "to undertake indigenous production, as per applicable qualifications, certifications and regulatory requirements", with the declared objective of fortifying the defence industrial base and drawing MSMEs and technology partners into the missile supply chain.

Shorn of the boilerplate, the order does two things. It terminates BDL's de facto monopoly as prime integrator of tactical missiles and lifts missile production out of the nomination system, under which a state-owned firm receives a manufacturing mandate upfront without contest. There would now be bidding among Indian private firms for the right to receive the technology, to be designated development-cum-production partner (DcPP) and to undertake systems integration alongside DRDO.

Two qualifications matter. This is not an indiscriminate opening, since certification and security thresholds are onerous and only firms with the requisite technological, industrial and financial depth will clear them. Nor is BDL displaced. It remains the country's most experienced missile manufacturer, with an established production base, workforce and vendor network. What has lapsed is the presumption that a DRDO missile automatically proceeds to a public sector production agency.

Which systems are actually on offer?

"Conventional", in military usage, denotes a missile that defeats its target through high explosive, fragmentation or kinetic impact and carries no nuclear, biological or chemical warhead. That definition draws the boundary. India's strategic inventory, the Agni series and the sea-based deterrent, stays outside this dispensation, as do systems held inside joint ventures, notably BrahMos and the MRSAM built through the Indo-Israeli partnership.

What has been prised open is the tactical and theatre-level arsenal, comprising the Akash and Akash-NG surface-to-air systems, VSHORADS, the Astra family of beyond-visual-range air-to-air missiles, the Rudram anti-radiation series, anti-tank systems including Nag, SANT and the man-portable ATGM, the NASM-SR anti-ship missile, indigenous land-attack cruise missiles, and Pralay, the quasi-ballistic conventional strike weapon.

Astra and Pralay are understood to be the likeliest first movers, requirements for both climbing steeply.

How will a company actually get the technology?

Through a licence agreement for transfer of technology or LAToT, the instrument DRDO has used since overhauling its framework in 2019. The recipient does not acquire the intellectual property. DRDO retains ownership and grants a right of use. Licences are non-exclusive, sub-licensing is barred and confidentiality conditions attach to the transferred package, which comprises engineering drawings, process documentation, quality assurance plans, test protocols and maintenance data. Export of anything transferred remains constrained by India's obligations under the Missile Technology Control Regime (MTCR).

The commercial terms are deliberately permissive. DRDO levies nil ToT fees on DcPPs, development partners and production agencies, with a one-time charge of five per cent of project sanction cost for others. Royalty is waived outright on sales to the armed forces and government departments, while two per cent applies to commercial and export sales. A companion policy grants Indian industry free access to DRDO's patent pool. The intent is to make the economics of a missile production line survivable for a firm that has until now confined itself to subsystems.

Is the selection machinery already turning?

It is. Earlier this month, a week before the ministerial approval, Research Centre Imarat (RCI) in Hyderabad issued an expression of interest on behalf of DRDO's Missiles and Strategic Systems cluster, seeking to shortlist DcPPs for missile and guided-bomb projects against criteria covering technical infrastructure, project management and financial health. Firms clearing that gate become eligible for project-specific requests for proposals (RFPs). A technical discussion has been set for early September, with submissions closing later that month.

The practice under this model is to appoint at least two partners per programme. That is not merely a nod to competition. A missile dependent on a solitary production line is hostage to any disruption on it, whether industrial, financial or physical, and redundancy has acquired a premium since Operation Sindoor.

Is this a rupture or the culmination of something?

This month's order reads as a rupture. It is more accurately the final link in a chain forged over a decade. The precedent dates to August 2015, when L&T became the first Indian private firm licensed to build a complete DRDO-designed system, the digital variant of the Lakshya pilotless target aircraft, on a royalty basis. Until then, critical technologies passed to public sector units by nomination, free of charge.

The procurement architecture followed. DAP 2020 privileged the Buy (Indian-IDDM) route, five positive indigenisation lists progressively proscribed imports, and iDEX and the Technology Development Fund seeded smaller firms. The draft Defence Acquisition Procedure 2026, circulated in February, compresses procurement categories from five to four, raises indigenous content under Buy (Indian-IDDM) from 50 to 60 per cent, imposes a 30 per cent floor on Buy (Global), and shifts emphasis from manufacture towards ownership of design, source code and intellectual property.

The proximate trigger came last October. An amendment to the Revenue Procurement Manual jettisoned the requirement that private firms secure a no-objection certificate from state-owned Munitions India Limited before establishing ammunition production. At a stroke, private manufacturers could produce 105mm, 130mm and 155mm shells, Pinaka rockets, 1,000-pound bombs, mortar bombs and grenades. In parallel, the ministry wrote to DRDO conveying its intent to open missile development and integration. This month's approval executes that letter.

In several respects policy is catching up with industrial fact. In June, 10 to 12 DRDO tactical missile projects had been allocated on demonstrated capability rather than routed through BDL, with Adani Defence, Bharat Forge, ICOMM Tele and Solar Defence and Aerospace named as DcPPs on programmes maturing over three to five years. Private industry is already conspicuous on NASM-SR, the Rudram family, VSHORADS, the long-range glide bomb and ULPGM-V3.

Capital has moved ahead of policy as well. In July, Adani Defence & Aerospace broke ground on a ₹2,500-crore complex at Shivpuri, Madhya Pradesh, colocating system integration with composite propellant and TNT production, a backward-integrated capability that until now existed solely within the public sector.

Why has this come now?

Three pressures converge. The first is attrition. Operation Sindoor last May lasted 88 hours and consumed munitions at a rate that unsettled planners. Ukraine and West Asia demonstrate the same problem at far greater scale, since contemporary campaigns exhaust precision inventories faster than peacetime industry can replenish them. Magazine depth, not sophistication alone, is the binding constraint.

The second is the regional missile balance. China's PLA Rocket Force (PLARF) fields upwards of 40 brigades of conventional and nuclear ballistic, cruise and hypersonic systems as a distinct fourth service. Pakistan announced its Army Rocket Force Command last August, weeks after Sindoor, consolidating Fatah-I, Fatah-II and A-100 systems under a single conventional-strike command modelled explicitly on the PLARF. India's own tri-service Integrated Rocket Force cannot be constituted on the output of one production line.

The third is industrial arithmetic. Defence production touched a record ₹1.78 lakh crore in FY 2025-26, up 15.6 per cent. DPSUs nonetheless account for roughly 76 per cent, private industry contributing about ₹42,000 crore, or 24 per cent. Exports reached a record ₹38,424 crore, private firms responsible for nearly half.

However, India remained the world's second-largest arms importer between 2021 and 2025 on SIPRI's reckoning. The headroom sits on the private side of the ledger. A subsidiary benefit is that DRDO laboratories are relieved of shepherding series production and can revert to research.

What could still go wrong?

Capacity is the first uncertainty. Fabricating a missile is not fabricating a component of one. A firm may machine an airframe or assemble a seeker without commanding the discipline of integration, where propulsion, guidance, control, seeker, warhead and launcher must function together under punishing conditions and every production lot must clear acceptance testing. That is a materially higher threshold than the private sector has been asked to meet.

The second is commercial. A missile line is a heavy, specialised and largely non-redeployable investment. Firms will build one only if convinced that orders will be large enough, and predictable enough, to amortise it. Declarations of intent and foundation-stone ceremonies are not production. The third is security. Dispersing design data across multiple corporate entities enlarges the attack surface at a juncture when defence contractors worldwide are being probed. Counterarguments exist, in that the probable recipients are long-established firms accustomed to classified work, and India's MTCR obligations furnish New Delhi its own incentive to police leakage.

Why SC order on OBC creamy layer has rollout issues

MUKESH RANJAN @ New Delhi

FIVE months after the Supreme Court categorically ruled that parental income alone cannot decide the creamy layer status of an Other Backward Class (OBC) candidate, the Centre went back to it seeking clarifications. The March 11 verdict, the government said, could have far-reaching consequences as it could open the floodgates of contestations if it has to be applied retrospectively.

Creamy layer refers to the relatively wealthier and privileged members within the socially backward classes. An official circular issued by the Department of Personnel & Training (DoPT) on October 14, 2004 included the salary income of employees in PSUs and the private sector as a factor that determines the creamy layer status of their wards. The March 11 order struck it down, saying parents' salary alone cannot determine the creamy layer status of an OBC candidate and that the social status and category of posts held by the parents should also be considered before arriving at a conclusion.

The government says there is no uniform mechanism to assess the social status of those working in the private sector. Also, the judgment in its present form may open the possibility of financially affluent families qualifying for non-creamy layer benefits.

What exactly was the SC ruling in March?

On March 11, a bench of justices P S Narasimha and R Mahadevan held that the salary earned by a parent working for a public-sector undertaking (PSU) or a private company cannot by itself be used to determine whether their children fall within the OBC creamy layer or not. The ruling came following a dispute involving successful Civil Services candidates whose parents were employed in PSUs or private companies. Their parental salaries had been taken into account while determining their creamy-layer status, affecting their eligibility for OBC reservation and other benefits. The court found that this approach was inconsistent with the government's original policy framework.

Its reasoning was rooted in the distinction between income and social status, as the Centre's 1993 Office Memorandum, which governs the creamy-layer framework, did not envisage salary as the only determining factor. It required the government to consider the status and category of a parent's employment along with the prescribed income and wealth criteria.

What was the discrimination identified by the court?

The dispute centred on the different treatment given to government employees and those working in PSUs or private companies, based on the DoPT letter of 2004. If the salary of a PSU or private-sector employee was automatically counted for the creamy-layer test while a comparable government employee's salary was not, then two families with broadly similar professional and social circumstances could end up being treated differently.

The court held that this amounted to "hostile discrimination". Several high courts had also reached similar conclusions before the matter came before the SC. The March 11 judgment therefore sought to restore consistency: salary alone should not determine creamy-layer status when the governing policy requires the parent's post and employment category to be examined as well.

Verdict's wider onsequences?

In its plea before the Supreme Court, the government said that the employment landscape has changed significantly since the existing creamy-layer framework was created. A substantial share of the workforce is now employed in the private sector, where job titles, pay structures and organisational hierarchies vary. Unlike government service, there is no standardised system for determining whether a particular private-sector post is equivalent to a particular government post. This creates a practical problem.

What does the Centre mean by a "uniform" creamy-layer mechanism?

The government wants to undertake an exercise to establish equivalence between positions in different sectors. That would involve identifying comparable posts in PSUs and the private sector and determining how those posts should be treated under the creamy-layer framework. It says this cannot be done quickly because it would require consultations with states, Union Territories and other stakeholders. It estimated that the exercise could take two years.

Can wealthy OBC candidates benefit from the judgment?

This is one of the Centre's principal concerns. In its application, the government warned that candidates whose parents earn very high salaries in the private sector could potentially continue to be treated as OBC non-creamy layer candidates if salary is excluded and there is no alternative mechanism for assessing the parents' professional status.