DAC clears Rafale fighter jets, defence buys worth ₹3.6 trn

US-made P-8I maritime aircraft, and missiles, tanks also get nod

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New Delhi, 12 February

The Defence Acquisition Council (DAC), chaired by Defence Minister Rajnath Singh, on Thursday gave its in-principle nod for the purchase of various combat items, including French-made Rafale fighter jets and US-made maritime aircraft.

The DAC approved the "acceptance of necessity" (a technical term) for proposals from the three services estimated to be worth about ₹3.6 trillion, a Ministry of Defence media statement said.

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While the statement did not specify the number of aircraft and other items, sources said the Indian Air Force (IAF) had proposed 114 Rafale jets to boost its squadron strength, and the Indian Navy had sought an additional six P-8I maritime aircraft to add to its fleet of 12.

The Cabinet Committee on Security makes the final decisions on major defence purchases.

The DAC granted the IAF approval to buy multirole fighter aircraft (MRFA) from French company Dassault Aviation SA. A source estimated the cost at about €30 billion (₹2.70 trillion) for 114 aircraft. It is unknown when the contract will be signed, but the India visit of French President Emmanuel Macron from February 17 to 19 is expected to provide clarity.

The statement said the procurement of the aircraft would enhance the capability to undertake air dominance roles across the spectrum of conflict and significantly boost the IAF's deterrence capabilities with long-range offensive strikes. "The majority of the MRFA to be procured will be manufactured in India."

A related transfer of technology from France to India and joint facilities in India are expected in the future, a source said earlier, adding that indigenous weapons would also be fitted into the Rafale jets.

The DAC also cleared proposals for combat missiles and air-ship-based high-altitude pseudo satellites (AS-HAPS), or high-flying objects in the stratosphere.

The IAF received approval for a cache of French-made long-range air-to-surface Scalp missiles.

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collating data demonstrates the capacity to systematically modernize core statistical indicators. This reinforces institutional credibility in generating reliable macroeconomic data," Nageswaran concluded.

AI fears push Nifty IT to over 9-month low

Gaurav Vasu, founder and chief executive officer of UnearthInsights, said the Indian selloff mirrors trends in the US market. "Beyond the Anthropic impact, the US is expected to have a new Federal Reserve head. On employment data, expectations were that tech would not add many jobs. Given the layoffs we have been seeing, the employment data is not a surprise for the tech sector," he said.

Index heavyweights Tata Consultancy Services (TCS), Infosys, Tech Mahindra, Coforge, Oracle Financial Services Software, and LTIMindtree declined between 6 per cent and 7 per cent. Among non-index stocks, Sonata Software, KPIT Technologies, Birlasoft, Cigniti Technologies, and Zensar Technologies fell 6-8 per cent.

Meanwhile, TCS, Wipro, Cyient, and Hexaware Technologies hit their respective 52-week lows. Infosys fell 6 per cent to ₹1,380.60 in intraday trade and is now 6 per cent away from its 52-week low of ₹1,307, touched on April 7, 2025.

Over the past two trading sessions, the Nifty IT index has declined 7 per cent, while losses over the last seven trading days stand at 14 per cent.

"Today's decline in Indian IT stocks was driven by stronger-than-expected US employment data and a marginal drop in the unemployment rate, which has reduced expectations of an early rate cut by the US Federal Reserve. This pressure was further compounded by ongoing concerns around AI-led disruption in the sector," said Vinod Nair, head of research at Geojit Investments.

Indian IT stocks were also weighed down by concerns that AI-native platforms could move up the value chain and automate outsourced work. Global software-as-a-service (SaaS) companies, including Salesforce and other enterprise software firms, also saw heavy selling as markets priced in faster AI-led disruption to legacy business models, ICICI Securities said.

Vasu said the impact of Claude Cowork is likely to be more pronounced in operations and business process outsourcing (BPO). "The impact will be felt in BPO, KPO, and legal services. The latest Anthropic release poses a threat to the traditional full-time equivalent (FTE)-based model. It could lead to a 5-10 per cent impact on core coding for generic tech services and a 10-15 per cent impact on operations such as finance, procurement, and HR," he said.

However, analysts cautioned that enterprise adoption of such tools may not be straightforward.

Yugal Joshi, partner at Everest Group, said periods of intense hype make it difficult to distinguish between incremental change and genuine step shifts. "Claude Cowork appears to be a step change. While building plugins on enterprise data is not new, the quality of output could be a differentiator. However, what emerges from the tech world and what actually gets adopted by enterprises can be materially different," he said.

Last week, Cognizant Chief Executive Officer Ravi Kumar said the assumption that new AI tools could be seamlessly plugged into enterprises to immediately replace large portions of IT services work is misplaced. "If a tool could simply be plugged into an enterprise and magically start delivering output, that value would have already shifted over the last three years. The reality is that the value is still sitting with infrastructure and has not fully migrated to enterprises," he said.

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Besides indigenous missiles, the Scalp was used by India during its conflict with Pakistan last year.

"The combat missiles will enhance the stand-off ground attack capability with deep strike power and very high accuracy," the statement said, adding that the AS-HAPS would be used for persistent intelligence, surveillance and reconnaissance, electronic intelligence, telecommunications, and remote sensing for military purposes.

The DAC cleared the Indian Navy's proposal for the US-made P-8I long-range maritime reconnaissance aircraft. Although the US government had earlier cleared the sale of six P-8I aircraft to India, the pending commercial negotiations would depend on the direction of India-US relations. US President Donald Trump said early last year that he would like India to buy US defence goods worth billions of dollars.

The acquisition of P-8I aircraft will significantly boost the Navy's long-range anti-submarine warfare, maritime surveillance, and maritime strike capabilities, Thursday's statement said.

The DAC also approved the Navy's induction of 4 Mw marine gas turbine-based electric power generators under the Make-I category of the Defence Acquisition Procedure 2020 to minimise dependence on foreign manufacturers.

The Indian Army proposals cleared by the DAC include the procurement of anti-tank mines (Vibhav) and the upgrading of armoured recovery vehicles (ARVs), T-72 tanks, and infantry combat vehicles (BMP-II).

Vibhav mines will be laid as part of an anti-tank obstacle system to delay adversary advances, the statement said, adding that the overhaul of ARVs, T-72 tanks, and BMP-II platforms would extend the service life of the equipment, ensuring operational readiness and effectiveness.

The DAC also cleared the Indian Coast Guard's purchase of systems for Dornier aircraft to enhance maritime surveillance.

India's next Cloud layer could orbit above Earth as AgniKul prepares AI hub

Google, meanwhile, has launched Project Suncatcher, aimed at deploying AI-powered data centres in low Earth orbit using solar energy to bypass terrestrial power, cooling, and space constraints on Earth. A prototype developed by Google Research and Planet Labs is expected to launch in 2027.

For AgniKul, the collaboration opens a new revenue stream through launch and on-orbit services, removing the need for customers to design or deploy satellites. While AgniKul's Agnibaan rockets feature boosters capable of returning to Earth, the company is repurposing its patented convertible upper stage — originally part of its launch architecture — into a long-lived orbital platform capable of hosting AI and data compute workloads.

"Space data centres are the Next Big Thing and could become a $50 billion global market by 2040," Moin said. "We're the first in India to think about this, and globally the first to use an upper-stage platform. Customers can place GPUs, compute capacity, or other hardware on the platform we provide." AgniKul estimates the market opportunity at $3–5 billion over the next two to three years and says it can meet customer requirements at scale.

Industry experts point to several advantages of space-based data centres, including abundant solar power and natural cooling. "Cooling comes naturally in space, unlike air cooling on Earth. Power from sunlight is also constant," Moin said. He added that physical security is another advantage compared to terrestrial data centres.

AgniKul plans to deploy a fleet of modular space data centre modules equipped with AI stacks in orbit. Together, they will form a continuous, real-time inferencing layer, offloading compute-heavy tasks from Earth to space.

"We're not just building data centres in space; we're building an entirely new layer of orbital inferencing infrastructure," said Narendra Sen, founder and chief executive officer (CEO) of NeevCloud.

"As with all rockets, repeated launches leave upper stages in orbit," said Srinath Ravichandran, cofounder and CEO of AgniKul. "Our convertible upper-stage technology keeps these stages active, turning them into usable assets that can host hardware and software, including compute and data capabilities. That's the next step for a space transportation company — you build, launch, recover, and then extend into orbit."