Ministry of Defence

Raksha Mantri approves Defence Procurement Manual 2025

The revised document to expedite revenue procurement for the Services, enable domestic industry with simple processes, promote innovation & support enterprise

Working capital issues faced by industries eased by providing supportive financing options & relaxing unnecessary penalties

R&D by industry, academia & DPSUs to get a boost through several enabling provisions

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Raksha Mantri Shri Rajnath Singh has approved the Defence Procurement Manual (DPM) 2025 to further streamline, simplify, enable & rationalise the revenue procurement process in the Ministry of Defence and cater to the emerging requirements of the Armed Forces in the era of modern warfare. The new manual is aimed at achieving self-reliance in fulfilling the needs of the Armed Forces under Revenue Head (Operations & Sustenance Segment). It will foster jointness among the three Services and help in maintaining the highest level of military preparedness through expeditious decision making. It will ensure timely availability of requisite resources to the Armed Forces and at appropriate cost.

Ease of doing business has been further strengthened in the document, which aims to boost Aatmanirbharta in defence manufacturing & technology. The objective is to utilise the potential, expertise, and capability of the domestic market in defence sector by ensuring active participation of private players, MSMEs, start-ups etc. along with the well-established Defence Public Sector Undertakings (DPSUs).

Procurement of goods and services by the Defence Services and of other organisations under Ministry of Defence is regulated by DPM, which was last promulgated in 2009. This Manual was under revision in the Ministry in consultation with the Armed Forces and other stakeholders.

The DPM lays down the guiding principles and provisions for all revenue procurements in the Ministry valuing around Rs 1 lakh crore for the current Financial Year. There has been a pressing need for this manual to be aligned with latest developments in the field of public procurement duly ensuring the use of technology in procurement with utmost fairness, transparency, and accountability.

The revised document has been aligned with the updated provisions of the Manual for Procurement of Goods issued by the Ministry of Finance. As a major thrust to Aatmanirbhar Bharat, a new chapter has been included to promote self-reliance through innovation and indigenisation. This will help in the indigenisation of defence items/spares through in-house designing and development in collaboration with public/private industries, academia, IITs, IISc & other private institutions of repute by utilising the talent of young bright minds.

The concerns of the individuals/industry who want to venture into this sector has been addressed by relaxing many provisions of developments contracts. Provision has been introduced not to levy Liquidity Damages (LD) during development phase. Minimal LD @ 0.1% will be levied post development of the prototype. Maximum LD to be levied has been lowered to 5%, and in case of inordinate delays only, maximum LD will be 10%. This will result in incentivising those suppliers who genuinely try to meet the deadline but make the supplies with little delay.

In addition, a provision has been made to provide assured guarantee of orders in terms of quantity, up to five years and beyond that up to another five years in special circumstances. Another provision has been introduced to provide requisite support through handholding by the Services in terms of sharing of technical knowhow, existing equipment etc. with the aim to ensure successful development.

The revised document will empower the Competent Financial Authorities at field level/lower formations, expedite decision making, avoid movement of files between lower-higher level and ensure timely payment to the suppliers. Competent Financial Authorities (CFAs) have been empowered to take decision in consultation with their financial advisors in respect of granting extension in delivery period irrespective of quantum of delay without approaching higher authorities.

The concept of collegiate decision making has been further strengthened in line with existing practice being followed in case of acquisition of capital assets. The CFAs have now been delegated power to increase bid opening dates up to a certain limit in case there is lack of participation without referring the matter to their Financial Advisors to increase participation.

In view of the complexity of repair/refit/maintenance of various aerial and naval platforms, an upfront provision of 15% in growth of work has been extended for all such activities to reduce the downtime of equipment and ensuring its availability for operations with minimum delay. To fulfill the need of those goods which are specialised in nature and available with limited sources as per the new provisions Limited Tendering can be resorted to for value up to Rs 50 lakh, and beyond that in exceptional circumstances. In case of proprietary items, provision for procurement on Propriety Article Certificate basis has been kept subject to parallel efforts for exploring the market for identification of alternative sources.

To facilitate procurements based on Government-to-Government agreements, adequate provision has been included to streamline the procedure being followed in such special arrangements adopted for high value procurements. The issues related to level playing field between various players have been addressed by incorporating suitable provisions in the revised manual. The requirement of obtaining No Objection Certificate from some DPSUs before going for open bidding has been dispensed with and tenders will be awarded purely on competitive basis.

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