

6. Defence Procurement Manual 2025 – Internal Security

Raksha Mantri Rajnath Singh released the Defence Procurement Manual (DPM) 2025, effective from November 1, 2025.

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1. Introduction

The Defence Procurement Manual (DPM) 2025 is the central framework governing revenue procurement by the Indian Armed Forces and MoD establishments, covering procurement worth approximately ₹1 lakh crore annually. It replaces the DPM 2009, which had been in use for over a decade, and introduces a modernized, transparent, and simplified system. The new manual aligns with India's strategic priorities, including Aatmanirbhar Bharat (self-reliance) and indigenisation in defence manufacturing.

Objectives of DPM 2025

Simplify Procurement Procedures – Reduce procedural bottlenecks and streamline approval mechanisms across all Services.

Promote MSME and Start-Up Participation – Encourage involvement of Micro, Small, and Medium Enterprises (MSMEs) and startups in defence manufacturing.

Enhance Transparency and Accountability – Ensure fairness, uniformity, and openness in procurement decisions.

Boost Indigenisation – Support domestic defence production under the Make in India initiative and strengthen self-reliance in strategic sectors.

Key Features of DPM 2025

A. Simplified and Uniform Procurement Process

Uniform Procedures Across Services – Ensures Army, Navy, Air Force, and other MoD establishments follow consistent financial and procedural frameworks.

Ease of Implementation – Clearly defined approval hierarchies, timelines, and financial limits simplify project execution.

Time-Bound Decisions – Promotes faster procurement cycles and reduces delays in defence acquisition.

B. Relaxed Penalty Provisions

Liquidated Damages (LD) – Previously, penalties were rigid and often penalized vendors disproportionately. Under DPM 2025, LD is capped at a maximum of 10%, and applies only for inordinate delays, not minor schedule slips.

Indigenisation Incentives – For items developed indigenously by public or private players, the LD is reduced to 0.1% per week, compared to 0.5% for standard procurements. The manual allows extended project timelines of up to 5 years or more for indigenisation programs, encouraging domestic capability building.

Objective – Reduce financial risk for Indian vendors and incentivize domestic manufacturing.

C. Removal of Obsolete Requirements

No Objection Certificate (NOC) from OFB – Earlier, alternative procurements required an NOC from the former Ordnance Factory Board (OFB). DPM 2025 eliminates this requirement, speeding up vendor selection.

Simplified Vendor Selection – Encourages competition and expedites project execution timelines.

Rationale – Removes legacy bottlenecks from the colonial-era procurement structure and supports a more agile defence acquisition ecosystem.

D. Operational Flexibility in Maintenance and Overhaul

Advance Provisions – DPM 2025 allows up to 15% upfront funding for ship repairs, refits, and aviation equipment overhauls.

Benefits –

1. Reduces downtime of critical platforms.

2. Ensures operational readiness of naval ships, aircraft, and other defence systems.
3. Supports flexible contract management and emergency repair requirements.

E. Updated Proprietary Article Certificate (PAC) System

Proprietary/Sole-Source Procurement – PAC is used for items available from a single supplier or proprietary vendor.

Redefined Validity – PAC provisions are now valid for two years, instead of previous ad hoc approvals.

Impact –

1. Streamlines procurement of specialized or single-source items.
2. Reduces delays and administrative burden for high-value defence equipment.

Strategic Implications

Boosts Self-Reliance – By simplifying indigenisation projects and providing penalty relief, domestic manufacturers are encouraged to innovate and produce high-tech defence equipment.

Encourages Start-Ups & MSMEs – Lower barriers to entry create opportunities for new technology firms and smaller enterprises to contribute to defence R&D.

Operational Readiness – Upfront provisioning for overhauls ensures fleet and aircraft availability, crucial for national security.

Transparency & Fairness – Uniform procedures across Services and MoD promote accountability, auditability, and reduced corruption risk.

Modernization of Defence Procurement – Aligns with global best practices and supports India's strategic defence goals, including modernization and technology-driven combat capabilities.

Conclusion

DPM 2025 represents a paradigm shift in India's defence procurement – simpler, faster, transparent, and incentivizing domestic industry. By integrating indigenisation, MSME/start-up participation, operational flexibility, and procedural clarity, it supports India's Atmanirbhar Bharat mission. This manual not only streamlines acquisitions but also strengthens strategic preparedness and positions India as a competitive player in global defence manufacturing.

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