New Defence Procurement Manual (DPM)

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Why in news?

The Defence Minister approved the Defence Procurement Manual (DPM) 2025, the document governing defence revenue procurements.

- **DPM, 2025** – It lays down the ***guiding principles and provisions for all revenue procurements*** in the Defence Ministry valued around Rs.1 lakh crore for the current fiscal.
- **Aim -**
  - To streamline, simplify and rationalize the revenue procurement process for the armed forces.
  - Achieving self-reliance in fulfilling the needs of the armed forces under the revenue head (operations and sustenance segment).
- DPM was last promulgated in **2009**, updated after 16 years.
- **Changes from the Previous Manual**
  - **Dispensing with NOCs -** The requirement for a No Objection Certificate (NOC) from Public Sector Undertakings (PSUs) for open tenders has been removed to create a more competitive environment.
  - **Government Support -**The government will now provide more direct support to industry, including technical assistance and equipment sharing to facilitate prototype development.
- **Key Provisions -**
- **Focus on Modern Warfare -** The manual incorporates the latest technological advancements and addresses the operational needs of modern warfare.
- **Support for Industry -** It provides industry-friendly provisions, including assured orders for *up to 5 years*, technical handholding, equipment sharing, and a reduction in penalties for delays, especially in R&D.
- **Promoting Indigenization -** Supports the "Aatmanirbhar Bharat" (self-reliant India) initiative by encouraging R&D and collaboration with institutions like IITs and IISc for indigenization.

- **Ease of Doing Business -**It removes redundant approvals and ensures transparent, competitive bidding, creating a level playing field for all suppliers.
- **Timely Payments -** The manual emphasizes ensuring timely payment to vendors, which helps with managing working capital.
- **Incentivizing the suppliers -** By relaxing the Liquidity Damages (LD) provision - not to levy LD during the development phase, but levied in the post development phase ***(Minimum LD of 0.1% and maximum LD 5%)***.

References

1. Indian Express | New Defence Procurement Manual
2. The Hindu | Defence Ministry unveils new framework

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