THE DEFENCE PROCUREMENT MANUAL 2025: BETWEEN PROCEDURAL REFORM AND STRUCTURAL REALITIES

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ABSTRACT

The Defence Procurement Manual 2025 (DPM 2025), which supersedes DPM 2009, applies to revenue procurement in the defence services. Although the new manual provides for more stringent timelines, delegated financial authority, e-procurement, and contractual incentives to ensure efficiency and indigenous development, this paper contends that the problem of delays is more complex and embedded in the system. The paper concludes that only procedural changes are not enough, and there is a need for institutional, financial, and industrial transformation if DPM 2025 is to ensure effective defence procurement.

Keywords: Defence procurement Manual 2025, revenue procurement, defence contracts, procurement delays, e-procurement, defence policy reforms**.**

INTRODUCTION

The efficiency of a nation's defence procurement system is not just about how efficient a nation is in its administration and preparation. This is about the legal validity, including the rule of law and its application to the critical sphere of national security. India has a complex system for the procurement of goods and services for its military, which has come under heavy criticism on several occasions, mostly as a result of its long gestation periods and legal and regulatory environment, which is considered complex. In that respect, the Defence Procurement Manual 2025 (DPM 2025), which took effect on the 1ST of November 2025, replaced the Defence Procurement Manual 2009 (DPM 2009).

The change is a significant shift; the legislation and administration have changed. The new manual governs a considerable annual procurement budget estimated at around Rs. 1 lakh crore (about USD 11.4 billion). It will look at the manual as a legally binding document, examine the contract implications of its major reforms, assess how it addresses the ongoing issue of delays, and consider the potential legal challenges and litigation risks tied to its rollout. It aims to support local industry, simplify processes and add stronger timelines to the legal contractual framework of defence acquisitions. [1]

The main question is whether DPM 2025, with its updated legal and contractual terms, can establish a stronger, clearer, and faster procurement system that meets India's defence requirements and adapts to a changing geopolitical context, all while managing existing legal bureaucratic challenges. The analysis will concentrate on how the new manual's rules interact with established contract law principles, the broader framework of government financial regulations, and the need for accountability in the expenditure of public funds.

DECONSTRUCTING "STRICTER TIMELINES" IN DPM 2025

The Defence Procurement Manual 2025 (DPM 2025) brings about changes that are expected to bring about greater speed, efficiency and predictability in revenue procurement for the Indian Armed Forces. Instead of setting up arbitrary timelines, it seeks to bring about changes at the process and structural levels to eliminate bottlenecks, empower decision-makers, encourage industry participation, and harness technology. Compared to the previous Defence

[1] Aryaman Singh & Tanuka Das, *Decoding DPM 2025*, The Geostrata (Jan. 8, 2026), https://www.thegeostrata.com/post/decoding-defence-procurement-manual-2025-a-report..

Procurement Manual 2009, the new Defence Procurement Manual seeks to bring about a conscious effort to eliminate the long-standing issue of delays. The changes are sought to be brought about in the areas of tendering, evaluation of bids, contract management, e-procurement, and delegation of financial powers to field formations.

One of the most significant changes is in the **tendering procedures**. Whereas, in DPM 2009, the system was biased towards Defence Public Sector Undertakings (DPSUs) and the Ordnance Factory Board (OFB), especially because of the No Objection Certificate (NOC) that had to be obtained prior to the conduct of open or global tenders.[2] This meant that these organisations had the power to veto competition and that there was limited private sector participation. Limited tender enquiries were further restricted to lower-value contracts. DPM 2025 does away with the NOC system, which makes tenders purely competitive, and increases the LTE threshold from ₹25 lakh to ₹50 lakh, with the flexibility to procure urgently or for specialised services. Even proprietary purchases will involve simultaneous searches in the market.[3]

Bid evaluation has also been made extra fast and flexible. The former DPM 2009 was rigid, and changes in bid timelines meant delays or re-tendering. The new DPM 2025 gives local competent Financial Authorities (CFAs) powers to extend bid timelines to a certain extent if the response is low. This will give formations a chance to attract more bidders without having to go through the whole process again. The use of more digital and e-procurement systems will also make the process faster through electronic submissions.

Reforms in contract management under DPM 2025 are intended to promote innovation, ensure demand, and enhance timelines for execution. In DPM 2009, the contract management system had a penalty clause of 0.5% per week, with a maximum of 10%, which acted as a deterrent for startups and MSMEs. The penalty was applicable even during the development stage. In DPM 2025, the penalty is greatly reduced, with no penalties until the prototype stage, and reduced penalties thereafter. Assured orders for up to five years for successfully developed indigenous equipment are also included, which can be extended in exceptional cases. A growth of work provision of 15% in repair contracts also allows additional work without requiring new

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[2] Kunwar Varun Singh Tanwar, *DPM 2009 vs DPM 2025: Key Procurement Reforms Compared*, LinkedIn (Oct. 27, 2025), https://www.linkedin.com/pulse/dpm-2009-vs-2025-key-procurement-reforms-compared-tanwar-vsm-retd--i1vqc.

[3] *Defence Minister Rajnath Singh Launches Defence Procurement Manual 2025 to Boost Operational Readiness*, DD NEWS (Nov. 2025), https://ddnews.gov.in/en/defence-minister-rajnath-singh-launches-defence-procurement-manual-2025-to-boost-operational-readiness.

approvals.[4]

E-procurement is another area that constitutes a new manual. DPM 2009 was mainly dependent on paper documentation, leading to inefficiencies and a lack of transparency. DPM 2025 has incorporated a new chapter on ICT procurement and emphasises the use of e-tendering tools and the Government e-Marketplace (GeM) wherever possible. Digitalisation increases the reach of vendors, enhances transparency, and minimises cycle times. Lower-value purchases can now be directly made on GeM at pre-approved rates, drastically reducing processing time and paperwork.

One of the important changes brought about by the reform is the delegation of financial powers to field formations. In DPM 2009, the financial powers were extremely centralised, and even small-level decisions had to be ratified by higher headquarters or the Ministry of Defence. This led to delays in decision-making. In DPM 2025, the financial powers are decentralised, and CFAs in field formations are authorised to extend delivery deadlines, change timelines, and take procurement decisions after consultation with financial advisors. This will eliminate delays in decision-making and procurements. The transfer of control from centralised to field formations is one of the important ways of achieving the tougher timelines set out in DPM 2025.

THE UNYIELDING SHADOW OF "PERSISTENT DELAYS"

While the DPM 2025 indeed ushers in an admirable set of procedural reforms aimed at enforcing “stricter timelines” and enhancing efficiency, the road to genuinely expeditious defence procurement in India is riddled with difficulties. The history of India’s defence acquisition, both capital and revenue streams, is unfortunately replete with major delays that have impacted operational readiness adversely, cost overruns, and indeed often undermined the very goals the procurements were supposed to achieve. These “perpetual delays” are not a function of merely outdated procedural manuals but are entrenched in a deep web of systemic issues, bureaucratic inactivity, capacity constraints within the domestic industrial base, and sundry exogenous factors.

[4] *India’s Defence Procurement Manual 2025: Key Changes, Impact and Challenges*, Delhi Pol’y Grp. (Sept. 18, 2025), https://www.delhipolicygroup.org/publication/detail/indias-defence-procurement-manual-2025-key-changes-impact-and-challenges.

The introduction of the Defence Procurement Manual 2025, although a positive and forward-thinking move, has also to be evaluated in the light of the perennial structural and procedural issues that have dogged the procurement system in the past. The efficacy of the new manual in the execution of its purpose of expediting the procurement process will not only be determined by the dynamism and efficacy of the provisions of the manual, but also by how well the underlying and more ingrained issues are addressed. A critical evaluation of the underlying causes and the nature of the perennial issues of delay inherent in the procurement system is crucial not just in appending a balanced evaluative assessment of the potential impact of the Defence Procurement Manual 2025 but also in the area of potential concern that might further attention and reforms.

Bureaucratic inertia and an in-built risk-averse attitude are among the largest factors affecting delays in Indian defence acquisitions. At its core, the procurement process deals with questions considerable public expenditure and, therefore, critical national security. These overwhelming factors are factors that must attract serious accountability and scrutiny. Despite its undoubted necessity, the result of such accountability can lead to bureaucratic risk aversion. Bureaucrats may be reluctant to take decisions, knowing they will be called to account by investigative authorities such as the comptroller the Auditor General of Defence (CAG) or the Central Vigilance Commission (CVC).[5] They may then adopt an attitude of rigid adherence to due procedure or fail to make decisions because they will be called upon to seek further clarifications and higher authority. This “file- pushing” attitude leads to considerable delays in every stage of the procurement process, from initial processing to final signing of contracts or making of payment.

Although DPM 2025 tries to overcome this by delegating greater financial powers to Competent Financial Authorities (CFAs) at field formations, a very genuine cultural shift is still required for the exercise of such delegated powers to be confident, efficient, and bereft of a lurking fear of audit or administrative repercussions. In its analysis of DPM 2025, the Delhi Policy Group notes that there is "a need for a cultural shift in procurement organisations traditionally being compliance-heavy," adding, "procurement cycles can be cut down only if prevalent risk-averse habits are overcome through structured training." This underlines an important reality: procedural or regulatory changes alone, without a corresponding

[5] *India’s Tortuous Defence Procurement Process: Delay, Not Delivery Is the Only Constant*, THE WIRE ([Oct. 12], 2023), https://m.thewire.in/article/government/indias-tortuous-defence-procurement-process-delay-not-delivery-is-the-only-constant.

transformation in institutional mindset and administrative behaviour, may not be able to eradicate delays on account of bureaucratic hesitation. The complex nature of defence procurement, which involves various stages of approval, committees, and so on, still presents several areas where these inertial trends might find actual expression in terms of delay. Even with the abolition of obtaining a No Objection Certificate (NOC) from DPSUs as part of the new DPM 2025, there is no guarantee that these informal hurdles, or demands for new clearances, will not still emerge, indicating a rather deep-seated resistance to change.

A further critical challenge under consideration is that **of limited capacity and or capabilities that may be present within certain segments of the home country defence industrial base** while attempting to meet the extremely critical, and quality- oriented needs that need to be fulfilled by its Armed Forces. Although initiatives such as **'Make in India' and 'Atmanirbhar Bharat'** have contributed to speedy growth and also the increasing interest from various players across the private sector, including entities categorised under MSMEs as well as startups, it is an acknowledged and observed phenomenon that a robust and technologically advanced defence sector is a phenomenon that may still require some time.

This may result in time lags in all the stages of procurement, namely development, production, and quality certification. According to a study done by the Delhi Policy Group, there can be major implementation bottlenecks in those areas where the domestic industry is not in a position to meet the technology and quality standards fixed by the armed forces. In these situations, there is a need to offer some institutional support from the Services to the industry and provide incentives from the Government. Nevertheless, these mechanisms of 'handholding' are, most often, insufficiently institutionalised, which causes inefficiencies in the prototype- induction process. Further, in cases where the required indigenous solutions are well developed, the subsequent processes, like testing, evaluation, certification, and finally, induction, are quite time- consuming and complex in nature. Furthermore, because of the persistent dependence on imported items like critical components and raw materials, risks are embedded in the supply chain, which again delays the procurement process, thereby defeating its very purpose.

The Chief of Defence Staff (CDS), General Anil Chauhan, has also pointed out the challenges of "overpromising and delays" in the Indian defence establishment, specifically in indigenous manufacturing, suggesting that the divide between aspiration and achievement is still a challenge.[6] Although the DPM 2025 seeks to offer more opportunities for the indigenous industry through such means as assured orders, if the industry itself is not sufficiently ready or enabled, such opportunities may not necessarily lead to timely delivery. The provisions in the manual regarding the promotion of self-reliance in innovation and indigenisation are thus **praiseworthy but will require other efforts to ensure that delays are similarly addressed.**

Budgetary Constraints and Uncertainties are also important factors that contribute to the continuation of delays in the procurement of defence equipment. The defence budget, although having experienced nominal growth, continues to face uncertainties regarding the timely allocation and disbursement of funds. This may affect the Services' ability to effectively plan and execute procurements. For example, the DPM 2025 proposes the idea of assured orders for a period of up to five years for indigenously developed products.

The viability of such assurances is dependent on "steady budgetary availability and long-term planning". If there is unpredictability in the availability of funds, or if budgetary allocations are reduced or postponed, it may undermine the credibility of such guaranteed commitments and may act as a deterrent to the industry to make necessary investments, which may result in delays in the commencement or completion of projects. Moreover, even if funds are allocated, the procedure for their release for particular procurement activities may be time-consuming, which may affect the cash flow of the suppliers and their ability to perform their contracts efficiently. This may be particularly difficult for smaller firms that lack financial resilience. The problem is further exacerbated by the fact that defence procurement contracts are often signed for multiple years, and any disruption in funding can create a ripple effect. The Defence Acquisition Procedure (DAP) 2020, which regulates capital acquisitions, has also been criticised for "prolonged procurement timelines, delays in strategic projects",[7] and budgetary problems are often at the root of such delays. Although the DPM 2025 deals with revenue procurement, which has a shorter cycle, it is not unaffected by these larger fiscal trends. The guarantee of funding, which is tied to the budgetary disbursements, is essential for ensuring a strong supplier base and their readiness to actively and timely participate.

Technical complexities and the evolving nature of Qualitative Requirements (QRs) are

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[6] *Concerns Raised Over Defence Industry Delays by CDS Gen Anil Chauhan*, INDIA NEWS NETWORK (Nov. 17, 2025), https://www.indianewsnetwork.com/en/concerns-raised-over-defence-industry-delays-cds-gen-anil-chauhan-20251117.
[7] Drishti IAS, 'Defence in Union Budget 2026–27' (Drishti IAS, 2026) https://www.drishtiias.com/daily-updates/daily-news-analysis/defence-in-union-budget-2026-27.

another factor that causes considerable delays. Contemporary defence technologies are becoming increasingly complex, and their development or acquisition is fraught with technical challenges. In the case of indigenous development projects, particularly those that are cutting-edge, the R&D process can be quite protracted and uncertain, with technical glitches causing considerable delays. Even in the case of off-the-shelf acquisitions, the process of articulating precise QRs, rigorous testing, and the integration of new systems within the existing framework of operations can be time-consuming. One of the criticisms that has been made against the Indian defence procurement regime is the practice of modifying or refining QRs in the middle of the procurement cycle[8]. These changes may require re-tendering, re-evaluation of tenders, or redesign work by the suppliers. These factors add up to considerable delays and cost overruns. Although DPM 2025 is intended to simplify procedures, it is not possible to completely dispense with the necessary tie involved in complex technical work. But more stable and better considered QRs, developed after careful internal deliberation and sound consideration of technological viability, might help to reduce some of these delays. The problem is in finding a balance between the need for cutting-edge capabilities and the realities of procurement schedules and technological maturity. The Defence Secretary, Rajesh Kumar Singh, has cited the delays caused by both domestic and foreign suppliers, giving examples such as the S-400s and Israeli supplies.[9] Although these are capital purchases, they demonstrate the general problem of technical and production difficulties causing delays, which can also apply to revenue expenditure that relies on complex technology or subsystems.

External factors, including global supply chain disruptions and geopolitical dynamics, can also cause delays, especially when it comes to procurements that involve imported components/systems. The Indian defence ecosystem, despite the thrust towards self-reliance, continues to import many critical technologies and raw materials. If there is any disruption in the international supply chain, whether it is due to pandemics, conflicts, trade tensions, or natural disasters, it can directly affect delivery schedules. Geopolitics can also affect the timely completion of contracts, as has been seen in delays related to major international aircraft platforms.[10] Although DPM 2025 is largely concerned with revenue procurement, many

[8] Varlin Panwar, *India's Defence Procurement Process Has Indeed Faced Criticism for Delays in Ordering, Frequent Changes to Qualitative Requirements (QRs)*, X (Nov. 18, 2024), https://x.com/VarlinPanwar/status/1959601871431278649.
[9] *Defence Contract Delivery Deadlines Enforced with Strict Penalties, Accountability*, INDIA TODAY (Nov. 28, 2025), https://www.indiatoday.in/india/story/defence-contract-delivery-deadlines-enforced-strict-penalties-accountability-2827796-2025-11-28.
[10] *India to Foreclose Emergency Defence Procurement Contracts Missing the One-Year Delivery Mark*,

revenue heads (spares, components for MRO) may have import ties. The manual's thrust towards indigenisation is partly motivated by the need to mitigate this risk of disruption by external shocks, but becoming completely self-sufficient in all areas is a long-term goal. Additionally, even if the item is produced indigenously, if the supply chain for critical sub-components is international, delays can still happen. The CAG has also pointed out the delays in a large number of emergency procurement contracts in the Army, casting doubts over the regularisation of excesses beyond the approved waivers.[11]The nature of emergency procurements is such that they are supposed to be processed quickly, but the delays continue, and this shows that even when the need for speed is most imperative, external factors can hinder the process. The MoD has, in this context, threatened that the emergency defence contracts will be shut down if the suppliers do not meet their delivery deadlines, usually set at one year**.**[12]

The lack of accountability and enforcement mechanisms for delays has historically been a weakness in the system. As one commentator observed, "There is no penalty for missing deadlines, no accountability for delay, with postponement having routinely emerged as a default option". Although DPM 2025 has changed the liquidated damages, which are less punitive for developmental delays, the larger problem of holding all stakeholders accountable for timely delivery is still a challenge. The recent efforts by the MoD to impose tougher penalties for delays, particularly in the case of emergency contracts, and to contemplate foreclosure of contracts on default, are welcome developments.[13]

However, for these measures to be effective, they must be done in a consistent and transparent manner across the board. The effects of these delays are not only administrative but also affect the operational readiness of the Armed Forces. As Zen Technologies pointed out on a LinkedIn post**, "Delays in defence procurement don't just increase costs. They impact the readiness of our armed forces. A single day's delay in a ₹100 crore procurement can have significant ripple effects on operational capabilities"**. This is especially seen in situations such as that

SWARAJYA ([Month Day], 2025), https://swarajyamag.com/defence/india-to-foreclose-emergency-defence-procurement-contracts-missing-the-one-year-delivery-mark.

[11] *CAG Flags Delays in 72% of Army Emergency Procurement Contracts*, HINDU BUS. LINE (Dec 18, 2025), https://www.thehindubusinessline.com/news/cag-flags-delays-in-72-of-army-emergency-procurement-contracts/article70411668.ece.

[12] *MoD Gets Tough on Delays, to Foreclose Emergency Defence Contracts Missing Delivery Deadlines*, DEF. WATCH ([Nov 28, 2025), https://www.defencewatch.in/ministry-of-defence/mod/mod-gets-tough-on-delays-to-foreclose-emergency-defence-contracts-missing.

[13] *Defence Secretary Warns Defence Contractors, Strict Penalties for Delays in Emergency Procurement Orders*, Indian Def. Rsch. Wing (Nov. 29, 2025), https://idrw.org/defence-secretary-warns-defence-contractors-strict-penalties-for-delays-in-emergency-procurement-orders.

of the Indian Air Force, which is said to be affected by an old inventory and delivery delays, among other factors.[14] Thus, a holistic strategy is required to address these perennial delays, which not only calls for changes in procedures as outlined in manuals such as DPM 2025 but also demands a paradigm shift in the organisational culture, investment in developing indigenous capabilities, stability in requirements and budgetary support, and accountability. The road ahead is long and arduous to achieve the goal of efficient and time-bound defence procurement in India, and DPM 2025 is the first step in this direction.

THE INTERPLAY OF REFORMS AND REALITIES: ASSESSING DPM 2025'S POTENTIAL TO OVERCOME DELAYS

The Defence Procurement Manual 2025 (DPM 2025) undoubtedly marks a major and ambitious effort to transform the revenue procurement regime in India, with a definite focus on enforcing "stricter timelines" to overcome the long-existing "persistent delays" that have marred the regime. The various provisions of the manual, from liberalised tendering and flexible evaluation of bids to incentive-based management of contracts, mandatory e-procurement, and major delegation of financial powers, taken together, form a collective vision of a nimble, transparent, and industry-friendly procurement regime. But the ultimate test of any manual would be its ability to overcome or circumvent the deeply entrenched challenges that have up till now impeded the procurement process.

Although DPM 2025 offers the required procedural support, the long-term success of this policy initiative in speeding up the procurement process is likely to depend on a multitude of factors that range from the new policy initiative itself to the organizational culture, capabilities of the domestic industry, and the overall fiscal and geopolitical climate. A critical evaluation would involve an analysis of how the proposed changes under DPM 2025 are likely to interact with the challenges discussed above.

The abolition of the No Objection Certificate (NOC) from DPSUs/OFB and the increased threshold for Limited Tender Enquiries (LTEs) are themselves a direct response to some of the procedural bottlenecks that led to delays under DPM 2009. By promoting a purely competitive environment and enabling faster processing of niche or urgent procurements up to ₹50 lakh, these reforms have the potential to dramatically lower the initial lead time for most

[14] *India's Air Force Hampered by Ageing Fleet, Delivery Delays*, DEUTSCHE WELLE (June 6, 2025), https://www.dw.com/en/indias-air-force-hampered-by-aging-fleet-delivery-delays/a-72821338.

tendering procedures. However, the problem of bureaucratic inertia may arise in different guises. For example, procurement authorities, who have long been used to the "security" of NOCs or the inflexibility of open tendering, may be averse to taking full advantage of these new flexibilities, and thus may introduce their own delays through internal consultations that counter the original purpose of these reforms. The key to the success of these reforms will lie in effective training and a strong mandate from above to make use of these provisions. Moreover, even as the playing field is levelled, it is possible that the more established DPSUs, with their networks and experience, may still have and experience, might still possess an edge, which would be necessary for the procurement agencies to monitor the situation to ensure that there is competition from the new, particularly smaller, private sector players.

The flexibility granted to Competent Financial Authorities (CFAs) in bid evaluation, particularly the power to extend bid submission dates without higher authority if there is poor participation, is a practical approach to avoid re-tendering and save time. This directly attacks one of the major causes of delays in the earlier, more structured approach. However, this power also entails a responsibility to exercise this power wisely. There is a potential for abuse of this power, either to favour some bidders or because of a lack of preparedness in the initial tendering process. Thus, this reform will not only speed up matters but will also require a high degree of internal controls and accountability to prevent its abuse and to only allow extensions in actual cases of poor participation. The effectiveness of this approach will also depend on how well CFA understands the market and takes proactive steps to encourage vendors to participate.

The reforms in **Contract management**, especially the **reduction in liquidated damages (LDs) for** developmental projects and the introduction of **assured orders** for indigenous products, are designed to incentivise industry participation and investment. If LDs for the R&D phases are lowered, it may encourage startups and MSMEs to undertake more technically demanding developmental assignments without the fear of financially crippling penalties for unforeseen technical issues, which could result in faster developmental cycles. The assured orders provide the much-needed certainty that could encourage the industry to develop its capacity and technology. The challenge, however, remains in terms of the limited capacity and capability within the country**.** The industry, despite all the incentives, may still fail to deliver on time because of technology, finance, and infrastructural constraints, and the timelines will still not be met. However, the "handholding" by the Services, as suggested by the Delhi Policy Group, assumes critical importance here. This not only includes clear communication of needs, but also technical support, facilitation of testing and trials, and prompt resolution of any difficulties that arise during development or production. Furthermore, the credibility of "assured orders" is also linked with the issue of budgetary stability. In fact, any failure to deliver on these assurances owing to budgetary uncertainties could also impact credibility. The 15% "growth of work" margin in repair/refit contracts is a step towards minimising any idle time or administrative delays for additional work being required during servicing. However, this will also depend upon clear guidelines being provided for its application.

The **mandate for e-procurement,** through platforms like GeM and other e-tendering platforms, is a crucial enabler for transparency, efficiency, and potentially faster processing. The success of this initiative would, however, depend on several factors: the strength and usability of the e-procurement platforms developed, the quality of training provided to the procurement officials and vendors on the effective usage of the e-procurement systems, and the availability of digital support infrastructure in the remote areas. There could be some initial resistance from the users of the system who are more accustomed to the traditional system of tendering. In addition, it may not directly address the problem of delays in the process of technical evaluation and decision-making, which could be the cause of the delay in the offline process. The success of the e-procurement system in reducing the overall time taken would also depend on the effective integration of the system with the backend systems.

Perhaps one of the most powerful changes that can be brought about to enforce tighter timelines is **the delegation of financial powers to CFAs** at field formations. DPM 2025 seeks to address this issue by entrusting financial powers to those at lower levels, so that they are able to circumvent a number of bureaucratic hurdles and speed up decision-making. However, this is also an area where the problem of a risk-averse culture is most visible. It is one thing to delegate powers, but it is quite another to ensure that those to whom powers are delegated are comfortable and confident about exercising them. They must be convinced that decisions taken in good faith for operational expediency will not be questioned later. This calls for a major cultural change and a message from the top that promotes proactive decision-making and calculated risk-taking. Training programs designed specifically for CFAs in relation to the changes in their powers and duties, as well as the intricacies of the new manual, will be a necessity. Without the empowerment and the cultural change, the files could continue to be referred upwards, thus defeating the purpose of decentralisation. The success of the reform will be a litmus test of the DPM 2025's effect in reducing delays.

Beyond these specific reforms, the persistent challenges of **technical complexities, evolving QRs, and external factors,** for example, issues such as supply chain disruptions and geopolitical events, are largely outside the control of DPM 2025. While the manual may help improve internal efficiencies, it cannot, for example, ensure the timely delivery of critical components from a supplier in another country that is facing production problems or impacted by sanctions. Equally, if user services continue to evolve frequently in QRs, delays are inevitable, regardless of how good the procurement manual is. To achieve these, there are more fundamental issues that require a more holistic solution, including better long-term planning, more stable requirements, and a more robust and self-sufficient industrial base, which are broader than the current remit of DPM 2025, although the indigenisation aspect of the manual does contribute to the latter.

The lack of accountability and enforcement mechanisms for delays has historically been a weak point in the system**. As one commentary noted, "There is no penalty for missing deadlines, no accountability for delay, with postponement having routinely emerged as a default option".** Although in the new DPM 2025, liquidated damages have been adjusted to reduce the punitive nature of these damages in the event of development delays, the question of ensuring accountability of all stakeholders, which includes procurement agencies, user services, vendors, etc., in the timely execution of the projects, continues to remain a problem area. The recent efforts taken by the MoD in ensuring that there is a higher penalty for delays, especially in emergency contracts, and also considering foreclosure of contracts in the event of non-performance, are positive steps in the right direction[15]. However, these measures need to be implemented in a transparent manner. The consequences of these delays are not limited to the administrative sphere but extend to the overall preparedness and effectiveness of the Armed Forces. As Zen Technologies stated in a LinkedIn post, "Delays in defence procurement don't just add to the costs, they also impact the overall preparedness of our armed forces. A one-day delay in a ₹100 crore procurement can have a ripple effect on our armed forces"**.**[16] This can be understood in relation to the Indian Air Force, which is said to be suffering due to delays in deliveries and an ageing fleet, leading to a reduction in overall preparedness and

[15] *Defence Secretary Warns Defence Contractors, Strict Penalties for Delays in Emergency Procurement Orders*, Indian Def. Rsch. Wing (Nov. 29, 2025), https://idrw.org/defence-secretary-warns-defence-contractors-strict-penalties-for-delays-in-emergency-procurement-orders.

[16] Zen Technologies Ltd., *How Delays in Defence Procurement Impact India's Military*, LinkedIn (Nov, 2025), https://www.linkedin.com/posts/zen-technologies_zentechnologies-beingthere-defenceprocurement-activity-7377318743334567937-4qo5.

effectiveness.[17] To address these issues of continued delays, a multi-faceted approach would be necessary, which goes beyond the procedural changes recommended in manuals like DPM 2025. It calls for a sea change in the organisational culture, continued effort in developing indigenous capabilities in the country, stability in requirements and a robust system of accountability and performance management. The road to achieving truly efficient and expeditious defence procurement in India would be a long and arduous one; the DPM 2025 would be a first step in this expedition.

THE LEGAL ARCHITECTURE OF DEFENCE PROCUREMENT: EVOLUTION FROM DPM 2009 TO DPM 2025

The legal architecture of the Defence Procurement Manual (DPM) acts as the guiding legal and procedural framework in terms of revenue procurements carried out by the entities belonging to the Ministry of Defence (MoD), the Armed Forces, and associated entities. Although the DPM is not enacted through parliament as law, the legality and validity emanate from the distinctive authority vested in the Indian Government in executing the rules and regulations set by the Ministry of Finance, especially the General Financial Rules (GFRs), which give an overview of the framework for procurements, adopted by the government. The DPM is essentially enacted as a subordinate legislative tool through which all entities fall in line as per the mandated instructions.

These purchases cover a wide range of goods and services, including spare parts, repairs, Maintenance, Repair, and Overhaul (MRO), Information and Communication Technology (ICT), and various support services crucial for the daily operational readiness of the Armed Forces. The 2025 DPM manages expenditures of about **Rs. 1 lakh crore each year.**

The effectiveness of this manual would depend on its clarity, completeness and ability to adapt to changing strategic, technological, and industrial scenarios. The previous version of the manual, i.e., DPM 2009, has been in effect for more than fifteen years. In this period, the defence needs of the country, the defence paradigm globally, and the country's overall industrial capabilities have seen tremendous changes. While the basic guidelines on revenue procurement were framed properly in the first place by DPM 2009, many began to see its rules

[17] *India's Air Force Hampered by Ageing Fleet, Delivery Delays*, DEUTSCHE WELLE (June 6, 2025), https://www.dw.com/en/indias-air-force-hampered-by-aging-fleet-delivery-delays/a-72821338.

as outdated in meeting current challenges.

CONTRACTUAL REFORMS AND THEIR LEGAL RAMIFICATIONS UNDER DPM 2025

The Defence Procurement Manual 2025 (DPM 2025) lists various notable changes to the format of contracts related to the procurement of revenue in India. It is not simply a question of procedural change; rather, it is a question that has profound legal implications, as it changes the liabilities, rights and risks faced by various actors, including the Ministry of Defence (MoD) and various vendors. Legal scrutiny of these changes to defence contracts is essential to fully comprehend their potential implications for creating a more vibrant procurement scenario that promotes local industry participation with a promise to deliver on time, while also seeking to identify potential issues that may become a cause for legal disputes to be carefully drafted. The major changes to defence contracts under this new manual include changes to LIQUIDATED DAMAGES (LD) clauses, a new provision called "Assured Orders", a provision for a "15% Growth of Work" in maintenance contracts, changes to proprietary Article Certificate (PAC) system provisions, etc. However, an analysis of each of these from the prism of contract law, as well as the context of government procurement, reveals an interesting dynamic of risks, incentives, and legal considerations. The overarching legal intent of each appears to be the pursuit of a more nuanced, less adversarial system of contracts, especially in the context of indigenous development and maintenance, while protecting the interests of the government.

CRITICISM

Although the basic principles and procedures for the procurement of revenue were established in DPM 2009, the provisions established in that DPM were gradually recognised as inappropriate to address the new challenges that were evolving. The issues raised against the DPM 2009 from the procedural aspects were issues of inflexibility, a risk-averse approach that at times led to the stifling of initiative, as well as procedural issues that inadvertently led to delay, thereby discouraging the wider industry, especially the emerging private sector, MSME's and start-ups. While this framework was aimed at transparency and fairness, it often led to slow tendering, delays in centralised decision-making, and inflexible contract conditions, which became deterrents to innovation, particularly for new entrants. For instance, the stipulation that a No Objection Certificate from the Defence Public Sector Undertakings (DPSUs) or the Ordnance Factory Board (OFB) is required before procuring elsewhere is only a barrier to open competition and helps existing players. Such provisions are highly questionable as against principles of equal opportunity and fair play, which are the cornerstones of public procurement law.

CONCLUSION: NAVIGATING TOWARDS A MORE AGILE FUTURE

The Defence Procurement Manual 2025 (DPM 2025) emerges as a landmark reform in India's ongoing quest to modernise and optimise its defence acquisition processes, specifically targeting the critical domain of revenue procurement. With its effective date from November 1, 2025, the manual introduces a paradigm shift, moving away from the often rigid and risk-averse framework of its predecessor, DPM 2009, towards a more agile, transparent, and industry-centric approach. The core ambition of DPM 2025, as reflected in its various provisions, is to impose "stricter timelines" and expedite the procurement of essential goods and services, spares, repairs, MRO, ICT, and other support services that are vital for sustaining the operational readiness of the Indian Armed Forces. This yearly expenditure, which has been estimated to be around Rs. 1 lakh crore.[18] Therefore, this speaks to the tremendous strategic and financial value of this manual. The "stricter timelines" are not just a question of being punitive in nature; they have been intricately woven into the fabric of the manual through a series of reforms. This includes the liberalization of the tendering system by removing the requirement of NOCs issued by DPSUs and the hike in LTEs, the empowerment of CFAs by providing flexible bid evaluation tools and significantly enhancing their financial powers, the incentivization of the industry by reducing the rates of LDs for developmental work and providing assured orders for indigenous products, the implementation of the e-procurement system to bring greater efficiency and transparency to the system, and the implementation of practical solutions such as the 15% growth of work margin for repairs. Together, these initiatives strive to eliminate procedural hurdles, promote healthy competition, ease bureaucratic procedures, and develop a conducive environment for the growth of domestic industries, especially MSMEs and startups, to bring the procurement procedures in line with the national goal of achieving '**Atmanirbhar Bharat'.**

However, the implementation of DPM 2025, though a giant step ahead, also occurs in the challenging context of "persistent delays," which have come to be a hallmark of the Indian

[18] *India's Defence Exports Reach Record High* [Press Release], PRESS INFO. BUREAU (Nov. 13, 2020), https://www.pib.gov.in/PressReleasePage.aspx?PRID=2181894.

defence procurement process. The delays have not been a recent phenomenon but have deep roots in a complex mix of factors, including system-related issues, bureaucratic issues, limitations in the indigenous base, issues related to the budget, and geopolitical issues. The CAG reports on delays in emergency procurements, and the comments made by the Defence Secretary and CDS on issues like over-promising and non-delivery by indigenous and foreign vendors serve to remind us of these delays. Risk-averse culture in the procurement establishment, often driven by the fear of audit and vigilance, may result in decision paralysis and the movement of files ad infinitum, thereby negating the exercise of delegated powers. The domestic industry, despite the positive signs, continues to face difficulties in meeting the exacting standards of the Armed Forces and requires substantial "handholding". Budgetary uncertainty may also affect the credibility of long-term commitments such as assured orders. Moreover, the inherent technical complexity associated with modern defence equipment, along with the common practice of making frequent changes to Qualitative Requirements (QRs) during the procurement process, continue to present challenges to timely deliveries. External factors, like vulnerabilities in the worldwide supply chain and geopolitical tensions, introduce a new dimension of complexity, especially for items that require importation.

Therefore, the efficacy of DPM 2025 in truly overcoming these persistent delays and achieving its envisioned “stricter timelines” will depend on more than just the letter of the law. It will depend on a fundamental and enduring effort on many fronts. First and foremost, a **cultural transformation** in the procurement organisations will be necessary. This will entail a shift away from a compliance-centric and risk-conscious culture towards a more empowered, agile, and results-oriented culture without compromising on transparency and accountability. This requires good leadership, training of all levels of staff, and a system that encourages initiative and prudent risk-taking while ensuring that the risks of mala fide action are properly addressed. Secondly**, concerted efforts** need to be made to **build domestic industrial capacity**. This is not just a matter of creating opportunities but involves facilitating these opportunities, technology transfer arrangements, R&D support, and a stable environment for policy- making that encourages long-term investment in the defence sector. The “handholding” by the Services, as advocated by the Delhi Policy Group, needs to be made effective. Thirdly, the question of budgetary stability and predictability is important for the credibility of the new procurement system, particularly for the provision of assured orders. Fourthly**, greater stability is required in the matter of Qualitative Requirements (QRs).**

However, requirements need to change with technology, but last-minute and constant changes need to be avoided with more thorough planning and consultations. Fifthly, **robust systems of monitoring and accountability** need to be strengthened. This includes not just holding vendors accountable, but also holding the agencies responsible for procurement and user services accountable for causing undue delays. The recent MoD stand on more stringent penalties for delays, including foreclosure of contracts, is a step in the right direction. Finally, the **process of reviewing and refining** the DPM 2025 itself will be required. As the manual is implemented and becomes a reality, challenges and unforeseen problems will arise. This will necessitate the development of a process for reviewing the manual and making the necessary improvements.

The Defence Procurement Manual 2025 is a step in the right direction towards a more efficient and self-dependent defence procurement system in the country. Its ability to successfully implement the promise of “stricter timelines” to overcome the problems of “persistent delays” would be a major indicator of India’s ability to keep its Armed Forces well-equipped and operationally ready in a complex security scenario. The Defence Procurement Manual 2025 is a step in the right direction towards a more efficient and self- dependent defence procurement system in the country. Its ability to successfully implement the promise of “stricter timelines” to overcome the problems of “persistent delays” would be a major indicator of India’s ability to keep its armed forces well-equipped and operationally ready in a complex security scenario.