

Ministry of Defence

New DRDO Procurement Manual launched

October 20, 2020

Relevant to Mahindra Defence Land Systems

Background

- India is one of the top three importers of defence goods in the world. In order to reduce foreign dependence in defence sector, the GoI has been introducing several measures.
- The Foreign Direct Investment limit was increased from 49% to 74% under automatic route.
- A negative list of weapons that will not be allowed to be imported was introduced.

About Defence Procurement Manual 2020

- It will facilitate faster execution of Research and Development in defence sector. The threshold limit for advance payment has been increased.
- The performance security and bid security up to Rs 10 lakhs has been exempted. This has been introduced to conceal price discovery of market forces.
- The manual will simplify processes of procurement and will therefore, facilitate indigenous defence industry.
- It will ensure the participation in design and development activities.
- Also, the new manual will increase the participation of private industries and start ups that are in sync with MSME enterprises in defence research.

Significance

- Currently, India requires the new manual as the Government of India is focusing to increase its defence production to 25 billion USD by 2025.
- Also, in the next five years, GoI has plans to spend around 130 billion USD in defence sector.

References

1. <https://www.gktoday.in/current-affairs/defence-minister-raj-nath-singh-approves-new-drdo-procurement-manual-2020/>
2. <https://economictimes.indiatimes.com/news/defence/rajnath-singh-approves-new-drdo-procurement-manual-to-facilitate-indigenisation/articleshow/78765683.cms?from=mdr>