

No 10/EPCell/LoC/2019
Ministry of Defence
Department of Defence Production
EPCell

Room No. 340A, B wing
Sena Bhavan, New Delhi
Dated: 29/08/2019

CIRCULAR No. 5

Sub: Line of Credit – Related issues

Defence Line of Credit (LoC) is an important means to build strategic relationship with Friendly Foreign Countries and to give boost to Defence exports. An SOP for the procurement of Indian-origin Defence equipment under Defence Line of Credit for the Friendly Foreign Countries has been issued by MoD. Copy of SOP is enclosed.

2 As per new SOP "In case, the item(s) have been procured after testing and other formalities by any of the armed forces through either revenue or capital route through OFB, DPSUs or private vendors, the DG/AS will furnish a statement setting out details regarding specifications, prices and other relevant commercial information and the year of acquisition." MEA would then inform that LoC holding country that it could use this information to directly procure from the OFB, DPSU or the Indian private sector at the prices/terms offered to the Indian armed forces subject to an escalation formula determined by the Principal Advisor (cost), export-related charges and other relevant incidentals as mutually-negotiated between the LoC holding country and selected vendor.

3. In view of the above, DPSUs/OFB should ensure that whenever they send information on Line of Credit related items, the same must be accompanied by LPP (Price of last purchase by the armed forces) & the year of purchase.

4. This has the approval of competent authority.

Encl: SOP


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To:

CMDs of DPSUs, DGOF / OFB

Copy to:

1. Sr. PPS to Secy. (DP)
2. Sr.PPS to AS (DP)
3. JS/NS, JS/LS, JS/AS, JS/DIP, JS(P&C), EA & JS(DOMW)