

**Ministry of Defence**  
**[Acquisition Wing Secretariat]**

**Subject: Amendment to Defence Procurement Procedure (DPP) – 2013.**

The following existing paras of DPP-2013 are amended to the extent indicated below:-

Para and Page Nos.	For	Read
Para 1.4.8 of Appendix F (refers to Part III of RFP), Page 109 of DPP-2013	<p><b><u>Exchange Rate Variation.</u></b>  Exchange Rate Variation shall be applicable for Rupee contracts with Indian Vendors, based on RFPs issued under the category 'Buy (Global)'. ERV, however shall not be applicable in cases categorized as 'Buy (Indian)' except for DPSUs in ab-initio Single Vendor cases or when nominated as Production Agency. The guidelines on protection of Exchange Rate variation are given at Annexure to this Appendix.</p>	<p><b><u>Exchange Rate Variation:</u></b>  Exchange Rate variation shall be applicable for Rupee contracts with Indian Vendors, based on RFPs issued under all categories of capital acquisitions mentioned at Para 4 (page 3 &amp; 4) of DPP 2013. The indigenous &amp; import components as also the various currencies (of the import components) for ERV purposes, must be determined in advance. The guidelines on protection of Exchange Rate variation are given at Annexure to this Appendix.</p>
Para 1(a) of Annexure to Appendix F; Page 111 of DPP 2013	<p>1. Parameters to be kept in view while formulation ERV Clause.  (a) In contracts with Indian Vendors in 'Buy (Global)' cases where there is an import content, ERV clause will be provided. It shall, however, not be applicable in 'Buy (Indian)' cases except for Defence PSUs in ab-initio Single Vendor cases or when nominated as Production Agency.</p>	<p>1. Parameters to be kept in view while formulation ERV Clause.  (a) In contracts with Indian Vendors in all categories of capital acquisitions where there is an import content, ERV clause will be provided. However, ERV clause shall not be applicable to contracts in the following conditions:  (i) The delivery period is less than one year; or  (ii) The rate of exchange variation is within the band of +/- 2.5%.</p>

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Para 6(a) of Enclosure 6 related to Commercial Clauses; Page 238 of DPP-2013.	6(a) Exchange Rate Variation (ERV) shall be applicable for Rupee contracts with Indian vendors, based on RFPs issued under the category 'Buy (Global)'. ERV, however, shall not be applicable in cases categorised as 'Buy (Indian)' except for DPSUs in ab-initio single vendor or when nominated as Production agency.	6(a) Exchange Rate Variation (ERV) shall be applicable for Rupee contracts with Indian vendors, based on RFPs issued under all categories of capital acquisitions where there is import content. The indigenous & import components as also the various currencies (of the import components) for ERV purposes, must be determined in advance. However, ERV clause shall not be applicable to contracts in the following conditions:  (i) The delivery period is less than one year; or  (ii) The rate of exchange variation is within the band of +/- 2.5%.
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2. The above amendments have been approved for inclusion in the DPP-2013 and shall come into force with immediate effect. All concerned authorities may kindly note for information and compliance.

  
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To

CISC          VCOAS          VCNS          VCAS          DG(CG)

All Joint Secretaries/Additional FAs /Finance Managers/Technical Managers/DGWE/ ACAS(Plans)/ACNS(P&P)/Directors/Deputy Secretaries.

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