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# **Indian Offset Program: Offset Credit Banking**

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- DPP 2008 has recognized the benefits of allowing an offset credit banking process
  
- The process currently includes the following conditions:
  - Banked offset credits are non-transferable (except between the main contractor and his sub-contractors within the same acquisition program)
  - Banked offset credits must be discharged within two (2) financial years of offset credit approval
  - Surplus offset credits remain valid for two (2) financial years after the conclusion of the contract

*More flexibility in the offset banking rules would better support achievement of the Indian Offset Program objectives*

## Recommended Offset Modifications - Banking

### ■ Recommended Modifications:

- Allow banked offset credits to be transferrable between the main contractor “owning” the credits and his subcontractors, or other main contractors, within the same or some other defense acquisition program
- Allow banked offset credits to be valid for five (5) years after offset credit approval
- Allow surplus offset credits, earned under a contract, to remain valid for five (5) years after the conclusion of the contract

### ■ Benefits:

- Encourages more pre-contractual offset projects which allows greater opportunity for Indian Defense Industry
- Allows more time for Indian industry and the foreign contractor to review potential work scope, execute starter purchase orders, and build a trusting relationship
- Allows the Indian government to realize a more cost-effective acquisition program due to reduced offset program risks and costs
- Allows the Indian government to attract more world-class foreign bidders
- Allows foreign contractors who may not be successful on their first competitive program to still pursue Indian business opportunities

*More flexibility in the offset banking rules would benefit all parties*



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# Discussion