

No. 2033

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**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
and  
INDIA**

**Loan Agreement—*Agricultural Machinery Project*—(with annexed Loan Regulations Nos. 1 and 2). Signed at Washington, on 29 September 1949**

**Letter-Agreement concerning partial cancellation of the loan and a revised table of amortization. Dated at Washington, on 10 October 1951**

*Official texts: English.*

*Registered by the International Bank for Reconstruction and Development on 13 January 1953.*

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**BANQUE INTERNATIONALE POUR LA  
RECONSTRUCTION ET LE DÉVELOPPEMENT  
et  
INDE**

**Contrat d'emprunt — *Projet relatif au matériel agricole* — (avec, en annexe, les Règlements n° 1 et n° 2 sur les emprunts). Signé à Washington, le 29 septembre 1949**

**Accord par lettre concernant une annulation partielle de l'emprunt et un tableau d'amortissement révisé. Daté de Washington, le 10 octobre 1951**

*Textes officiels anglais.*

*Enregistrés par la Banque internationale pour la reconstruction et le développement le 13 janvier 1953.*

No. 2033. LOAN AGREEMENT<sup>1</sup> (*AGRICULTURAL MACHINERY PROJECT*) BETWEEN THE DOMINION OF INDIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 29 SEPTEMBER 1949

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AGREEMENT, dated September 29, 1949, between DOMINION OF INDIA, acting by its Governor General, party of the first part, and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, party of the second part.

*Article I*

DEFINITIONS

Wherever used in this Agreement or in any Schedule to this Agreement, unless the context shall otherwise require, the following terms shall have the respective meanings hereinafter in this Article set forth :

(1) The term Borrower means Dominion of India, acting by its Governor General, the party of the first part hereto and any successor thereof.

(2) The term Bank means International Bank for Reconstruction and Development, the party of the second part hereto.

(3) The term Loan means the loan provided for in this Agreement.

(4) The term Loan Account means the loan account to be opened as provided in Section 1 of Article IV of this Agreement.

(5) The term United States means the United States of America.

(6) The term dollars and sign \$ mean dollars in such coin or currency of the United States as at the time referred to shall be legal tender for the payment of public and private debts in the United States.

(7) The term Bond means a bond delivered in accordance with Article V of this Agreement.

(8) The term goods means equipment, supplies and services which are required for the purposes specified in Article III of this Agreement, and wherever reference is made in this Agreement to the cost of any goods such cost shall be deemed to include the cost of importing such goods into the territories of the Borrower, but only to the extent that such cost shall be paid in currency other than currency of the Borrower.

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<sup>1</sup> Came into force on 1 December 1949, upon notification by the Bank, in accordance with article XI.

(9) The term external debt means any debt payable in any currency other than currency of the Borrower, whether such debt is payable absolutely or at the option of the creditor in such other currency.

(10) The term Closing Date means July 1, 1950, or such other date as shall be agreed upon in writing between the Bank and the Borrower as the Closing Date.

(11) The term Effective Date means the date on which this Agreement shall come into force and effect as provided in Article XI of this Agreement.

(12) The term this Agreement includes the respective Schedules<sup>1</sup> which are referred to herein and all of which are hereby incorporated herein and are herein referred to by their respective letters and numbers.

(13) The term Project means the project described in Schedule 2 to this Agreement, as such Schedule shall be amended from time to time by agreement in writing between the Bank and the Borrower.

(14) The term Agency means any instrumentality of the Borrower or of a political subdivision of the Borrower (including acceding States) and shall include any institution or organization a majority interest in which at the time referred to is owned directly or indirectly by the Borrower or a political subdivision of the Borrower, or all or substantially all of whose obligations are guaranteed by the Borrower or a political subdivision of the Borrower, or the operations of which are conducted primarily in the interest of or for account of the Borrower or a political subdivision of the Borrower, as the case may be.

## Article II

### THE LOAN

*Section 1.* The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth, the sum of ten million dollars (\$10,000,000), or the equivalent thereof in currencies other than dollars as hereinafter provided.

*Section 2.* The amount of the Loan may be withdrawn by the Borrower as provided in Article IV of this Agreement. On any amount of the Loan not so withdrawn, the Borrower shall pay to the Bank a commitment charge which shall accrue and be payable at the following rates and for the following periods :

(a) From the Effective Date to the respective dates on which the respective amounts shall be so withdrawn or shall be cancelled pursuant to Article IV of this Agreement, whichever shall be the earlier;

(i) For the period to and including the 180th day after the Effective Date, at the rate of one and one-half per cent (1 1/2 %) per annum;

<sup>1</sup> See pp. 434, 436, 438 and 442 of this volume.

(ii) Thereafter, at the rate of two and one-half per cent ( $2\frac{1}{2}\%$ ) per annum less a credit computed as follows: For each three-month period beginning January 1, April 1, July 1, or October 1, or for any part of such period, such credit shall be computed at the approximate rate of annual discount on the issue of 90, 91 or 92-day United States Treasury Bills last sold by the United States immediately preceding the beginning of such period on the basis of the average price for the sale of such issue, all as announced by the United States Treasury Department; provided, however, that the rate at which such credit shall be computed for any such period, or part thereof, shall in no event exceed one per cent (1%) per annum.

(b) If the Bank shall at the request of the Borrower incur an obligation to pay any amount to others than the Borrower as provided in Section 2 (d) of Article IV of this Agreement, or an obligation to pay any amount to the Borrower after suspension or cancellation as provided in Section 9 of Article IV of this Agreement, then for the period from the date on which the Bank shall agree in writing to incur such obligation to the respective dates on which the respective amounts shall be withdrawn from the Loan Account or on which any such obligation shall be terminated, whichever shall be the earlier, the rate of commitment charge payable under the provisions of the foregoing subsection (a) in respect of such amount shall be increased by one per cent (1%) per annum.

(c) Such commitment charge shall be payable in dollars semi-annually on June 1 and December 1 in each year.

*Section 3.* The Borrower shall pay interest (including commission) at the rate of three and one-half per cent ( $3\frac{1}{2}\%$ ) per annum on the principal amount of the Loan outstanding and unpaid from the respective dates on which the respective amounts of the Loan shall be withdrawn by the Borrower from the Loan Account. Such interest shall be payable in dollars semi-annually on June 1 and December 1 in each year, except that interest on any part of the Loan which shall be repayable in any currency other than dollars shall be payable in such other currency.

*Section 4.* In all cases in which it shall be necessary to compute the amount of commitment charge or interest or of the service charge provided for in Section 7 of Article V of this Agreement which shall have accrued under this Agreement for periods of less than six months, such commitment charge, interest or service charge shall be computed on a daily basis using a 365-day factor. For even periods of six months such commitment charge, interest or service charge shall be computed on an annual basis.

*Section 5.* The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

*Section 6.* The principal of and interest on the Loan and the Bonds, the commitment charge and service charge on the Loan, and the premium on the redemption of Bonds shall be paid at the office of the Bank in The City of New York, State of New York, United States, or at such other place or places as the Bank shall from time to time request in writing, or as shall be specified in the Bonds.

*Section 7.* As soon as practicable, but in no case later than sixty days after the Effective Date, the Borrower shall notify the Bank or cause the Bank to be notified of each of the countries other than the United States in which orders for goods have been placed or are intended to be placed, which notice shall include for each such country a list of the goods for which orders have been placed or are intended to be placed and the estimated cost of such goods. The Borrower shall from time to time promptly notify the Bank of any changes in such countries or in such lists or in such estimated costs. If any goods shall be purchased in any country other than the United States, the Borrower shall make reasonable efforts to pay or provide for the payment of the cost of such goods in the currency of such other country. To the extent that the cost of any goods shall be payable in any currency other than dollars, the Bank may, at its option, advance such other currency in lieu of dollars as part of the Loan. If and to the extent that the Bank shall acquire in exchange for dollars any such other currency which it shall so advance, the part of the Loan so advanced shall be repayable in dollars and the equivalent in dollars of the part of the Loan so advanced shall be the amount of dollars paid by the Bank in exchange for such other currency. If and to the extent that the Bank shall advance any such other currency which it shall not have acquired in exchange for dollars the part of the Loan so advanced shall be repayable in such other currency.

*Section 8.* The parties to this Agreement accept and agree to the provisions of Loan Regulations No. 2<sup>1</sup> of the Bank, dated April 28, 1948, a copy of which has been furnished to the Borrower, with the same force and effect as if they were fully set forth herein, anything in this Agreement or the Bonds to the contrary notwithstanding.

### *Article III*

#### USE OF PROCEEDS OF THE LOAN

*Section 1.* The Borrower covenants that the proceeds of the Loan will be applied exclusively to the cost of purchasing and importing into the territories

<sup>1</sup> See p. 446 of this volume.

of the Borrower goods which will be required for the carrying out of the Project. The specific goods to be purchased out of the proceeds of the Loan shall be determined by agreement in writing between the Bank and the Borrower, and the list of such goods may be modified from time to time by agreement in writing between them.

*Section 2.* The Borrower covenants that all goods purchased in whole or in part with the proceeds of the Loan will be imported into the territories of the Borrower and will there be used exclusively in the carrying out of the Project. Except as shall be otherwise agreed in writing between the Bank and the Borrower, the Borrower will obtain title to all such goods free and clear of all incumbrances.

#### *Article IV*

##### WITHDRAWAL OF PROCEEDS OF THE LOAN

*Section 1.* The Bank shall open an account on its books in the name of the Borrower and shall credit to said account the amount of the Loan. The Borrower shall be entitled from time to time to withdraw from the Loan Account such amounts as shall be required by the Borrower in order to reimburse it for amounts paid or provided by it subsequent to September 1, 1949 (except as shall be otherwise specifically provided by agreement in writing between the Bank and the Borrower) for the purpose of paying the reasonable cost of goods purchased in accordance with Article III of this Agreement. The Borrower shall also be entitled from time to time to withdraw from the Loan Account such amounts as shall from time to time be approved in writing by the Bank and as shall be required by the Borrower in order to enable it to pay or provide for the payment of the reasonable cost of such goods not theretofore paid.

*Section 2. (a)* Whenever the Borrower shall desire to withdraw any amount from the Loan Account, the Borrower shall deliver to the Bank an application in writing setting forth :

(1) the amount which the Borrower so desires to withdraw from the Loan Account;

(2) a statement that said amount is required to reimburse the Borrower for, or to enable the Borrower to meet, payments made or provided or to be made or provided by it for the purpose of paying the cost of goods therein set forth, which statement shall show, in such reasonable detail as the Bank shall request, the cost of such goods, the dates on which such goods were ordered and the dates on which payment for such goods was made or will be due, the names and addresses of the suppliers of such goods, the date of arrival or estimated date of arrival of such goods in the territories of the Borrower, and the known or intended destination and end-use of such goods in the Project;

(3) a statement that the Borrower has not theretofore withdrawn from the Loan Account, or applied for the withdrawal from the Loan Account of, any amounts for the purpose of reimbursing the Borrower for or meeting such payments, and that neither the Borrower nor any Agency has obtained or will obtain funds for such purpose out of the proceeds of any other loan, credit or grant available to it, other than a short-term loan or credit established in anticipation of the withdrawal applied for and to be repaid *pro tanto* with the funds to be withdrawn, which loan or credit shall be described in the application;

(4) a statement that such payments were or will be made for the purposes specified in Article III of this Agreement; that the goods purchased or to be purchased by means of such payments are appropriate for such purposes; and that the cost and terms of purchase thereof are reasonable; and

(5) a statement that at the date of the application there is no existing default in the performance of any of the obligations of the Borrower under this Agreement.

(b) If such application shall be to withdraw from the Loan Account any amount for the purpose of enabling the Borrower to meet the cost of goods not theretofore paid, it shall also set forth :

(6) a statement of the arrangements under which such amount will be applied to the payment of the cost of such goods; and

(7) an agreement by the Borrower that it will apply or cause to be applied such amount only to the payment when and as due of the cost of such goods and that, as promptly as possible thereafter, the Borrower will furnish to the Bank proof satisfactory to the Bank that such amount has been so applied.

(c) If such application shall be the first application for withdrawal hereunder, it shall also set forth :

(8) a statement that between the date of this Agreement and the Effective Date none of the events specified in paragraph (f) of Section 7 of this Article has occurred.

(d) If such application shall request the Bank to incur an obligation to any person other than the Borrower to pay an amount to or on the order of such person, such application shall contain such other and additional statements and agreements as the Bank shall reasonably require.

*Section 3.* (a) Each application under this Article shall be in writing in the English language and shall be signed on behalf of the Borrower by its representative or representatives duly authorized for the purpose. Each such application shall be executed and delivered to the Bank in triplicate as the Bank shall from time to time direct. Except as otherwise agreed in writing between the Bank and the Borrower each such application (except the final application

for any currency) shall be for an amount of not less than \$50,000, or the equivalent thereof in any one currency. Such applications shall be serially numbered.

(b) The Borrower shall furnish or cause to be furnished to the Bank, upon request, original or duplicate receipted bills or invoices or other documents sufficient to show that the payments covered by the application have been made for the goods specified therein.

(c) If the expenditures to be reimbursed or paid by the withdrawal applied for were or are to be made in any currency other than dollars, the application shall so state and shall also state the amount of such expenditures in such other currency.

*Section 4.* Each application and the accompanying documents must be sufficient to satisfy the Bank that the amount to be withdrawn from the Loan Account is to be used only for the purposes specified in Article III of this Agreement. The Borrower shall furnish or cause to be furnished to the Bank any and all such further documents and other evidence in support of the application as the Bank shall at any time or from time to time reasonably request and whether before or after the Bank shall permit any withdrawal requested in the application. All applications and other documents delivered to the Bank under this Article shall be in form and substance satisfactory to the Bank.

*Section 5.* If the Bank is satisfied that the application fully complies with the provisions of this Agreement and that the Borrower is entitled under this Agreement to withdraw from the Loan Account the amount applied for, the Bank shall duly pay such amount to or on the order of the Borrower.

*Section 6.* The Borrower may at its option by written notice to the Bank cancel all or any part of the Loan which the Borrower shall not have withdrawn prior to such notice. Except as otherwise agreed in writing between the Borrower and the Bank: (a) if the Borrower shall not on or before the Closing Date have withdrawn from the Loan Account the full amount of the Loan, the amount of the Loan not so withdrawn shall be cancelled; and (b) any cancellation pursuant to this Section or to Section 8 of this Article shall be applied to the respective maturities of the instalments of the principal amount of the Loan as set forth in Schedule 1 to this Agreement in the inverse order of such maturities, beginning with the latest maturity, except to the extent that Bonds of such maturity shall have theretofore been executed and delivered pursuant to Article V of this Agreement. Notwithstanding the foregoing provisions of this Section, no such cancellation shall, unless the Bank and the Borrower shall otherwise agree in writing, be effective with respect to any part of the Loan as to which the Bank shall have incurred an obligation pursuant to an application under paragraph (d) of Section 2 of this Article or by approval of a commitment pursuant to Section 9 of this Article.



*Section 7.* If any of the events hereinafter described shall have happened and be continuing, the Bank may, at its option, suspend the right of the Borrower to make withdrawals from the Loan Account, to wit :

(a) An Event of Default shall have happened and be existing under this Agreement.

(b) An extraordinary situation shall exist which shall make it improbable that the Borrower will be able to perform its obligations under this Agreement.

(c) The Borrower shall have ceased to be a member of the International Monetary Fund or shall have become or been declared ineligible under Section 6 of Article IV, Section 5 of Article V, Section 1 of Article VI or Section 2 (a) of Article XV of the Articles of Agreement of the International Monetary Fund<sup>1</sup> to use the resources of said Fund.

(d) The Borrower shall have been suspended from membership in or shall have ceased to be a member of the Bank.

(e) The Bank shall have suspended operations either temporarily or permanently as provided in Section 5 of Article VI of its Articles of Agreement.<sup>2</sup>

(f) After the date of this Agreement and prior to the Effective Date, the Borrower shall have taken any action which would have constituted a violation of any covenant contained in Section 5 or Section 6 (b) of Article VII of this Agreement, had this Agreement been in full force and effect on the date such action was taken.

The Bank may exercise its option to suspend such right to make withdrawals by notice to the Borrower of its election to exercise such option. Upon the giving of such notice the right of the Borrower to make withdrawals from the Loan Account, except as otherwise provided in Section 9 of this Article, shall forthwith be suspended and shall continue to be suspended until the event which gave rise to such suspension shall have ceased to exist or until the Bank shall have notified the Borrower that the Bank has lifted such suspension, whichever is the earlier.

*Section 8.* Except as otherwise provided in Section 9 of this Article, if any of the events described in Section 7 of this Article shall have happened and be continuing, the Bank may at any time by notice to the Borrower terminate any and all obligations of the Bank to permit the Borrower to make withdrawals from the Loan Account, and upon the giving of such notice the amount of the Loan not theretofore withdrawn shall be cancelled.

<sup>1</sup> United Nations, *Treaty Series*, Vol. 2, p. 40; Vol. 19, p. 280, and Vol. 141, p. 355.

<sup>2</sup> United Nations, *Treaty Series*, Vol. 2, p. 134; Vol. 19, p. 300, and Vol. 141, p. 356.

*Section 9.* If the right of the Borrower to make withdrawals from the Loan Account shall be suspended pursuant to Section 7 of this Article or if the amount of the Loan not theretofore withdrawn shall be cancelled pursuant to Section 8 of this Article and if prior to the date of such suspension or cancellation, as the case may be, the Borrower shall have entered into any binding commitment for the purchase of goods which shall have been approved in writing by the Bank either before or after the making thereof, then the Bank shall permit the Borrower to withdraw from the Loan Account such amounts as shall be necessary in order to enable the Borrower to satisfy its obligations under such commitment. The right of the Borrower to make withdrawals from the Loan Account pursuant to this Section shall be subject to the provisions of Sections 2 (except subparagraphs 5 and 8 thereof), 3, 4 and 5 of this Article. The commitment charge specified in Section 2 of Article II of this Agreement shall continue to accrue on amounts subject to withdrawal under this Section.

*Section 10.* Notwithstanding any cancellation pursuant to Section 6 or Section 8 of this Article or any suspension pursuant to Section 7 of this Article, all the provisions of this Agreement shall continue in full force and effect except as in this Article specifically provided.

#### *Article V*

##### BONDS

*Section 1.* The Borrower shall, as hereinafter in this Article provided, execute and deliver Bonds. From and after the delivery of any such Bonds, they shall represent a principal amount of the Loan equal to the principal amount of such Bonds, and payment of the principal of any such Bonds shall *pro tanto* discharge the obligation of the Borrower to repay the principal of the Loan as provided in Section 5 of Article II of this Agreement.

*Section 2.* If and when the Bank shall so request, the Borrower shall, within 60 days after the date of the request, execute and deliver to or on the order of the Bank Bonds in the aggregate principal amount specified in such request, not exceeding, however, the aggregate principal amount of the Loan which shall have been withdrawn and shall be outstanding and unpaid at the date of such request and for which Bonds shall not theretofore have been so executed and delivered.

*Section 3.* The respective maturities of the Bonds which shall be so executed and delivered shall correspond to the maturities of instalments of the principal of the Loan as specified in the amortization schedule set forth in Schedule 1 to this Agreement; provided, however, that, except as the Bank and the Borrower shall otherwise agree in writing, any Bonds so executed and

delivered prior to the Closing Date shall have the earliest maturity dates so specified for the corresponding instalments of the principal of the Loan for which Bonds shall not theretofore have been so executed and delivered.

*Section 4.* The Bonds shall be bonds payable to the order of the Bank or such other payee or other payees as the Bank shall specify (hereinafter sometimes called order Bonds) or shall be bonds payable to the bearer thereof with coupons for semi-annual interest attached (hereinafter called coupon Bonds), as the Bank shall from time to time request. Order Bonds payable in dollars shall be substantially in the form set forth in Schedule 3-A to this Agreement. Coupon Bonds payable in dollars and the coupons attached thereto shall be substantially in the forms set forth in Schedule 3-B to this Agreement.

*Section 5.* If any part of the Loan shall be repayable in any currency other than dollars, the Bonds representing the amount so repayable shall be payable as to principal, interest and the premium, if any, on the redemption thereof in such other currency and the aggregate principal amount of such Bonds shall be equal to the aggregate amount of such currency so repayable and not theretofore repaid. Bonds payable in any currency other than dollars shall be substantially in the form set forth in Schedule 3-A or 3-B to this Agreement, as the case may be, except that they shall provide for payment of principal, interest and premium on redemption in such other currency, shall provide for such place or places of payment as the Bank shall specify, and shall contain such other modifications as the Bank shall reasonably request in order to conform to the constitution and laws of the Borrower or to the laws and financial usage of the country in the territories of which they are payable.

*Section 6.* Except as the Bank and the Borrower shall otherwise agree in writing, all Bonds shall be fully engraved, or printed or lithographed on engraved backs, provided, however, that if the Borrower shall have executed and delivered to or on the order of the Bank printed or lithographed Bonds, unless the Borrower shall theretofore have executed and delivered to or on the order of the Bank fully engraved Bonds, the Borrower shall, as soon as reasonably possible after the Bank shall so request, execute and deliver to or on the order of the Bank, without expense to the Bank, in exchange for and against surrender of such printed or lithographed Bonds, fully engraved Bonds.

*Section 7.* The Bonds shall bear interest at such rate or rates not in excess of three and one-half per cent ( $3\frac{1}{2}\%$ ) per annum as the Bank shall specify. If any Bond, whether held by the Bank or by others than the Bank, shall bear interest at a rate less than three and one-half per cent ( $3\frac{1}{2}\%$ ) per annum, the Borrower shall pay to the Bank a service charge on the principal amount of the Loan represented by such Bond at an annual rate equal to the difference

between three and one-half per cent ( $3\frac{1}{2}\%$ ) per annum and the rate of interest of such Bond. Such service charge shall be payable semi-annually on June 1 and December 1 in each year in the currency in which such Bond is payable. The payment of interest at the rate specified in such Bond, and the payment of service charge on the principal amount of the Loan represented by such Bond as in this Section provided, shall *pro tanto* discharge the obligation of the Borrower to pay interest on the Loan as provided in Section 3 of Article II of this Agreement.

*Section 8.* Each order Bond shall be dated (a), if executed and delivered on any June 1 or December 1, then the date of execution and delivery thereof, or (b) if executed and delivered on any other date, then the June 1 or December 1, as the case may be, next preceding the date of execution and delivery thereof. Each coupon Bond shall be dated December 1, 1949, and shall have attached all coupons which shall not have matured on or before the date on which such Bond shall be executed and delivered. Upon any delivery of Bonds appropriate adjustment shall be made so that there shall be no loss to the Bank or to the Borrower in respect of interest, service charge or commitment charge on the principal amount of the Loan represented by such Bonds.

*Section 9.* Bonds shall be in such denominations as the Bank shall request.

*Section 10.* At any time or from time to time the Borrower shall, within 60 days after the Bank shall so request, execute and deliver to or on the order of the Bank, in exchange for Bonds theretofore executed and delivered to it, new Bonds in accordance with the following provisions :

(a) Bonds payable to the order of a named payee or named payees may be exchanged for Bonds payable to the order of another payee or other payees specified in the request, or for coupon Bonds, and coupon Bonds may be exchanged for Bonds payable to the order of a payee or payees specified in the request.

(b) Bonds of any denominations may be exchanged for Bonds of any other denominations.

(c) Bonds bearing interest at one rate may be exchanged for Bonds bearing interest at any other rate not in excess of three and one-half per cent ( $3\frac{1}{2}\%$ ) per annum.

(d) Coupon Bonds surrendered, or executed and delivered on any such exchange shall have all unmatured coupons attached.

(e) Order Bonds surrendered on any such exchange shall, unless payable to the order of the Bank and not further endorsed, be appropriately endorsed or be accompanied by appropriate instruments of assignment.

(f) All Bonds surrendered on any such exchange shall be cancelled forthwith.

(g) The new Bonds so executed and delivered shall be of the same aggregate principal amount and, except as hereinbefore provided, shall be of the same tenor and effect as the Bonds surrendered for exchange.

(h) Except as shall be otherwise agreed in writing between the Bank and the Borrower, the Bank shall reimburse the Borrower for the reasonable cost of preparation of the new Bonds and of effecting the exchange.

The provisions of paragraphs (d), (e), (f) and (g) of this Section shall equally apply to exchanges of Bonds pursuant to Section 6 of this Article.

*Section 11.* The Bonds shall be signed in the name and on behalf of the Borrower by its authorized representative or representatives. The signature of any such representative may be a facsimile signature, if the Bonds shall also be countersigned manually by an authorized representative of the Borrower. Coupons attached to coupon Bonds shall be authenticated by the facsimile signature of an authorized representative or authorized representatives of the Borrower. If any authorized representative of the Borrower whose manual or facsimile signature shall be affixed to any Bond or coupon shall thereafter cease to be such authorized representative, such Bond or coupon may nevertheless be delivered under this Agreement and it shall be valid and binding on the Borrower as though the person whose manual or facsimile signature shall have been affixed to such Bond or coupon had not ceased to be such authorized representative, and any Bond signed or countersigned by any person who at the time of signing or countersigning such Bond shall be such authorized representative of the Borrower may be delivered under this Agreement and shall be valid and binding on the Borrower although at the date of the Bond bearing such signature or countersignature such person may not have been such authorized representative of the Borrower.

*Section 12.* Except as shall be otherwise provided in this Agreement or in the Bonds, no holder of any Bond other than the Bank shall by virtue of being the holder thereof be entitled to any of the rights or benefits conferred, or be subject to any of the conditions or obligations imposed, upon the Bank under this Agreement.

*Section 13.* At any time or from time to time, upon the request of the Bank, the Borrower shall at its own expense do any and all such things as the Bank shall reasonably request in order to comply with any laws or regulations of any nation or state or any political subdivision thereof, or of any securities exchange therein, in order to enable the Bank to sell or offer for sale any of the Bonds, by public sale or otherwise, in any country or to list any of the Bonds for trading on any securities exchange. To that end the Borrower shall execute

and deliver all registration statements, applications and other documents, and furnish to the Bank all information which shall be required in order so to comply with any such law or regulation, and the Borrower shall pay all registration and filing fees required by any such law or regulation. The Borrower shall comply with any such request within such reasonable period, not less than 60 days, as the Bank shall specify in such request.

*Section 14.* If the Bank shall at any time sell any of the Bonds and shall then or thereafter guarantee the payment in whole or in part of the principal thereof, the interest thereon, or the premium, if any, on the redemption thereof, the Borrower shall indemnify the Bank against and hold it harmless from liability arising out of such guarantee.

### Article VI

#### REDEMPTION OF BONDS

*Section 1.* The Borrower may, at its election, at any time or from time to time after the date of the Bonds, pay off and redeem all or any of the Bonds, as hereinafter provided, at a redemption price for each Bond equal to the principal amount thereof, plus the interest accrued and unpaid thereon to the date fixed for the redemption thereof, plus as a premium the following respective percentages of such principal amount:  $\frac{1}{2}$  of 1 %, if redeemed not more than six months prior to the date of maturity specified in such Bond;  $\frac{3}{4}$  of 1 %, if redeemed more than six months and not more than two years and six months prior to said date; 1 %, if redeemed more than two years and six months and not more than four years and six months prior to said date; and  $1\frac{1}{2}$  %, if redeemed more than four years and six months prior to said date.

*Section 2.* If the Borrower shall so elect to redeem less than all of the Bonds at the time outstanding and unpaid, the Bonds so to be redeemed shall be designated by lot, or in such other manner, as the Bank and the Borrower shall agree upon in writing.

*Section 3.* The Borrower's election to redeem the Bonds or any thereof shall be exercised by giving notice as in this Section provided, stating such election, designating the Bond or Bonds to be redeemed, stating the redemption price or prices thereof determined as in Section 1 of this Article provided, and stating the date (sometimes referred to in this Article as the date fixed for redemption) on which such Bonds are to be redeemed. Such notice shall be given to the Bank not less than 90 days prior to the date fixed for redemption and, if any of the Bonds to be redeemed are coupon Bonds, the Borrower shall also publish such notice at least once a week for three successive weeks, the first publication to be at least 45 days prior to the date fixed for redemption (i) as to dollar Bonds, in two daily newspapers printed in the English language and

published and of general circulation in the Borough of Manhattan in The City of New York, State of New York, United States, and (ii) as to Bonds payable in any currency other than dollars, in two daily newspapers printed in the official language, or one of the official languages, of the country in whose currency such Bonds are so payable, and published and of general circulation in the city in which such Bonds are so payable.

*Section 4.* Notice of election to redeem having been given as above provided, the Bonds to be redeemed shall on the date fixed for redemption become due and payable at their respective redemption prices determined as in Section 1 of this Article provided. From and after the date fixed for redemption (unless the Borrower shall fail to make payment of the redemption price or prices of such Bonds) interest on such Bonds and service charge, if any, on the principal amount of the Loan represented by such Bonds shall cease to accrue and, upon presentation of such Bonds for payment and redemption in accordance with said notice, such Bonds shall be paid by the Borrower at the redemption price or prices aforesaid. If any of such Bonds shall not be so paid upon presentation thereof, they shall continue to bear interest as therein specified, and the service charge on the principal amount of the Loan represented by such Bonds shall continue to accrue, until such Bonds shall have been so paid. Upon the date fixed for redemption, the Borrower shall pay to the Bank the amount of service charge, if any, accrued and unpaid on the part of the Loan represented by the Bonds to be redeemed.

## Article VII

### PARTICULAR COVENANTS OF THE BORROWER

The Borrower hereby covenants as follows :

*Section 1.* The Borrower will carry out and complete the Project with due diligence and efficiency or will cause the Project to be so carried out and completed.

*Section 2.* The Borrower will maintain or cause to be maintained books, accounts and records adequate to identify the goods purchased in whole or in part with the proceeds of the Loan, to disclose the end-use thereof in the Project, and to record the progress and results of the Project.

*Section 3.* The Borrower will enable accredited representatives of the Bank to inspect any and all goods purchased in whole or in part out of the

proceeds of the Loan and any of the sites in which the Project is being carried out and to inspect, audit and make copies of, any books, accounts, records, contracts, orders, invoices, studies, reports and other documents relating to the goods purchased in whole or in part out of the proceeds of the Loan, and the use thereof in the Project, or to the progress and results of the Project.

*Section 4.* The Borrower will furnish or cause to be furnished to the Bank all such information, at such times, in such form and in such detail, as the Bank shall reasonably request, relating to the expenditure of the proceeds of the Loan, the use of the goods purchased in whole or in part therewith, the progress and results of the Project, the financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

*Section 5.* Except as the Bank shall otherwise agree in writing, if any privilege or priority (including any mortgage, pledge or charge) shall be created on any property, assets, revenues or receipts of the Borrower or of its political subdivisions or any Agency as security for the payment of any external debt, then by the creation thereof such privilege or priority will equally and ratably secure the payment of the principal of, and the interest and other charges on the Loan and the Bonds, and in the creation of any such privilege or priority express provision will be made to that effect; provided, however, that this Section shall not apply to: (a) any privilege or priority created on property purchased, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (b) any pledge of commercial goods to secure debt maturing not more than one year after its date and to be paid out of the proceeds of sale of such commercial goods; or (c) any pledge by the Reserve Bank of India of any of its assets in the ordinary course of its banking business to secure any indebtedness maturing not more than one year after its date.

*Section 6.* In order that the Bank and the Borrower may cooperate to the fullest extent in assuring that the purposes of the Loan shall be accomplished:

(a) Each party to this Agreement shall from time to time, as the other party hereto shall reasonably request, afford such other party all reasonable opportunity for exchanges of views between their respective accredited representatives in regard to any and all matters relating to the Loan and the purposes for which it was granted. The suggestions and observations made by either party pursuant to any provisions of this Section shall be received by the other party in a spirit of mutual cooperation and shall be given due consideration.



(b) Except as the Bank shall otherwise agree in writing, if the Borrower or any of its political subdivisions or any Agency shall propose to incur, assume or guarantee any external debt, or substantially to modify the terms of payment of any then existing external debt, incurred, assumed or guaranteed by any of them, the Borrower will notify the Bank or cause the Bank to be notified promptly of the particular proposal and, prior to the time of the taking of the proposed action, will afford to the Bank all opportunity which is reasonably practicable under the circumstances to exchange views with the Borrower with regard to such proposal; provided, however, that the foregoing provisions shall not apply to: (i) the incurring of additional external debt through utilization, in accordance with the terms of any credit established prior to the date of this Agreement, of any unused amounts available under such credit; (ii) the entering into international payments or similar agreements the term of which is not more than one year and under which the transactions on each side are expected to balance over the period of the agreement; or (iii) the incurring by the Reserve Bank of India in the ordinary course of its business of any indebtedness maturing not more than one year after its date.

(c) The Borrower will afford to the Bank from time to time as the Bank shall reasonably request all reasonable opportunity for accredited representatives of the Bank to visit freely any part of the territories of the Borrower for the purpose of performing the functions set forth in Section 3 of this Article and for the purpose of studying the financial and economic conditions of the Borrower and all other matters relating to the purposes of the Loan.

(d) The Borrower will promptly inform the Bank of any condition which shall arise that shall prevent, obstruct or interfere with, or threaten to prevent, obstruct or interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service of the Loan.

*Section 7.* The principal of and the interest on the Loan and the Bonds, the service charge on the Loan and the premium on the redemption of the Bonds shall be paid without deduction for and free from any taxes, imposts, levies or duties of any nature now or at any time hereafter imposed by the Borrower or by any taxing authority thereof or therein and shall be paid free from all restrictions of the Borrower, its political subdivisions or any Agency. This Section shall not apply to taxes on any payments made in respect of any Bond to any holder of such Bond other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower.

*Section 8.* This Agreement and the Bonds issued hereunder shall be free of any issue, stamp or other tax imposed by the Borrower or any taxing authority thereof or therein.

*Section 9.* Except as shall be otherwise agreed in writing between the Bank and the Borrower, the Borrower will insure or cause to be insured with

responsible insurers all goods purchased in whole or in part with the proceeds of the Loan. Such insurance shall be for all or such percentage of the cost of such goods, and shall cover such marine, transit and other hazards incident to delivery of the goods into the territories of the Borrower, as shall be consistent with sound commercial practice. Each contract of insurance shall be payable in dollars or in the currency in which the part of the Loan applied to the cost of the goods insured thereunder shall be payable.

*Section 10.* The Borrower will not, without the prior written consent of the Bank, sell, pledge, mortgage or otherwise dispose of any goods purchased or paid for in whole or in part out of the proceeds of the Loan.

### *Article VIII*

#### REMEDIES OF THE BANK ON DEFAULT

*Section 1.* If any of the following events (herein called Events of Default) shall happen, that is to say :

(a) if default shall be made in the payment of any instalment of interest on the Loan or on any of the Bonds or any instalment of service charge or commitment charge on the Loan when and as the same shall become payable; or

(b) if default shall be made in the payment of the principal of the Loan or of the principal or redemption price of any of the Bonds, whether upon the date of maturity of such Bonds or upon call for redemption or by declaration or otherwise as provided in this Agreement or the Bonds; or

(c) if default shall be made in the performance of any other covenant or agreement on the part of the Borrower in the Bonds or in this Agreement set forth;

then and in each such case during the continuance of such Event of Default (but in the case of an Event of Default specified in clause (a) of this Section only if such default shall continue for a period of thirty days; and in the case of an Event of Default specified in clause (c) of this Section only if such default shall continue for sixty days after notice thereof shall have been given by the Bank to the Borrower) the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding (if not already due) to be due and payable immediately, and upon any such declaration such principal shall become and shall be due and payable immediately, anything in this Agreement or in the Bonds contained to the contrary notwithstanding.

*Section 2.* No delay by the Bank in exercising, or omission of the Bank to exercise, any right or power accruing to it under this Agreement upon any Event of Default shall impair any such right or power or be construed to be a waiver of any such Event of Default or acquiescence therein; nor shall the action of the Bank in respect of any default, or in respect of the waiver of any default, affect or impair any right or power of the Bank in respect of any other or subsequent default; and every right, power and remedy given hereunder to the Bank may be exercised by it from time to time and as often as it may deem expedient.

### *Article IX*

#### INTERPRETATION OF AGREEMENT; ARBITRATION

*Section 1.* The respective rights and obligations of the parties hereto under this Agreement and the Bonds shall be valid and enforceable in accordance with their terms anything in any statute, law or regulation of any nation or state or political subdivision thereof to the contrary notwithstanding. Neither party shall be entitled in any proceeding under this Article to assert any claim that any provision of this Agreement or of the Bonds is invalid or unenforceable because of any provision of the Articles of Agreement of the Bank or for any other reason.

*Section 2.* The provisions of this Agreement and of the Bonds shall be interpreted in accordance with the law of the State of New York, United States, as at the time in effect.

*Section 3.* Any controversy between the parties to this Agreement and any claim by either party to this Agreement against the other party thereto arising under this Agreement or the Bonds which shall not be determined by agreement of such parties shall be submitted to and determined by arbitration by an Arbitral Tribunal in accordance with the provisions of Loan Regulations No. 1<sup>1</sup> of the Bank dated May 9, 1947, a copy of which has been furnished to the Borrower. The parties to this Agreement accept and agree to the provisions of said Loan Regulations No. 1 with the same force and effect as if they were fully set forth herein; provided, however, that the Bank shall not be entitled to enter any judgment against the Borrower in any court for the enforcement of any award rendered pursuant to the said Loan Regulations No. 1 or to enforce by execution against the Borrower any judgment entered upon any such award or any judicial mandate or order made in any proceeding to enforce any such award, except as any such remedy may be available to the Bank against the

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<sup>1</sup> See p. 446 of this volume.

Borrower otherwise than by reason of the provisions of the said Loan Regulations No. 1.

### *Article X*

#### MISCELLANEOUS PROVISIONS

*Section 1.* Any notice, request or demand required or permitted to be given or made under this Agreement shall be in writing and shall be deemed to have been duly given or made when it shall be delivered in writing or by telegram, cable or radiogram to the party to which such notice, request or demand is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice in writing to the party giving or making such notice, request or demand. The addresses so specified are :

(a) For the Borrower :

The Secretary, Ministry of Finance, Government of India, New Delhi, India.

(b) For the Bank :

International Bank for Reconstruction and Development, 1818 H Street, N. W., Washington 25, District of Columbia, United States of America.

*Section 2.* The Borrower shall furnish to the Bank sufficient evidence of the authority of the person or persons who will sign the applications provided for in Article IV of this Agreement and the Bonds or who will, on behalf of the Borrower, take any other action or execute any other documents required or permitted to be taken or executed by the Borrower pursuant to any of the provisions of this Agreement, and shall furnish to the Bank the authenticated specimen signature of each such person.

*Section 3.* If and when the entire principal amount of the Loan and the redemption premium, if any, on the redemption of all Bonds which shall have been called for redemption and all interest and other charges which shall have accrued on the Loan and the Bonds shall have been paid, this Agreement and all rights and obligations of the parties hereto shall forthwith terminate.

*Section 4.* This Agreement may be executed in several counterparts, each of which shall be an original and all collectively but one instrument.

*Section 5.* Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Agreement on behalf of the Borrower may be taken or executed by the Secretary to the Government of India in the Ministry of Finance or any person thereunto authorized in writing by him. Any modification or amplification of the provisions of this

Agreement may be agreed to on behalf of the Borrower by written instrument executed on behalf of the Borrower by the Secretary to the Government of India in the Ministry of Finance or any person thereunto authorized in writing by him; provided that, in the opinion of such Secretary, such modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Borrower hereunder. The Bank may accept the execution by such Secretary or other person of any such instrument as conclusive evidence that, in the opinion of such Secretary, any modification or amplification of the provisions of this Agreement effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of the Borrower hereunder. The foregoing provisions of this Section 5 shall be in addition to any other authorization by the Borrower.

### *Article XI*

#### EFFECTIVE DATE

*Section 1.* This Agreement is subject to the condition that before it shall become effective: (a) the execution and delivery of this Agreement on behalf of the Borrower shall have been duly authorized or ratified by all necessary action of the Borrower; and (b) the United Provinces, Central Provinces, Bhopal, and the Madhya-Bharat Union shall have made arrangements, satisfactory to the Bank, to cooperate with the Borrower in the carrying out of the Project.

*Section 2.* The Borrower shall promptly furnish to the Bank evidence satisfactory to the Bank that all acts required to be performed pursuant to Section 1 of this Article have been performed. As part of such evidence, the Borrower shall furnish to the Bank an opinion or opinions satisfactory to the Bank of legal counsel acceptable to the Bank showing:

(1) that this Agreement has been duly authorized by, and executed and delivered on behalf of, the Borrower; and

(2) that this Agreement constitutes a valid and binding obligation of the Borrower in accordance with its terms; and

(3) that the Bonds when signed and delivered as provided in this Agreement will constitute valid and binding obligations of the Borrower in accordance with their terms.

Except as shall be otherwise agreed in writing between the Bank and the Borrower, this Agreement shall come into force and effect on the date when the Bank notifies the Borrower of its acceptance of such evidence.

*Section 3.* If all acts required to be performed pursuant to Section 1 of this Article shall not have been performed and satisfactory evidence thereof as in Section 2 of this Article provided shall not have been furnished to the Bank within 45 days after the date of this Agreement, the Bank may at its option by notice to the Borrower terminate this Agreement, and upon the giving of such notice of termination this Agreement and all obligations of the parties hereunder shall forthwith cease and determine.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names as of the day and year first above written.

Dominion of India :

Vijaya LAKSHMI PANDIT  
Ambassador for India in the  
United States of America

International Bank for Reconstruction and Development :

By Eugene R. BLACK  
President

### SCHEDULE 1

#### TABLE OF AMORTIZATION

The following table shows the dates on which the instalments of the principal of the Loan shall be repaid and the respective amounts of such instalments. Except as shall be otherwise agreed in writing between the Bank and the Borrower, if any part of the principal of the Loan shall be repayable in any currency other than dollars, such part shall be repayable in instalments on the same dates and at the same rates as are shown in said table, adjusted to exclude instalments of the principal of the Loan cancelled pursuant to Article IV or represented by Bonds which shall have been delivered pursuant to Section 2 of Article V :

<i>Date Payment Due</i>	<i>Payment of Principal</i>	<i>Principal Amount Outstanding After Each Payment</i>	<i>Date Payment Due</i>	<i>Payment of Principal</i>	<i>Principal Amount Outstanding After Each Payment</i>
		\$10,000,000	Dec. 1, 1954 . . . .	1,000,000	4,000,000
June 1, 1952 . . . .	\$1,000,000	9,000,000	June 1, 1955 . . . .	1,000,000	3,000,000
Dec. 1, 1952 . . . .	1,000,000	8,000,000	Dec. 1, 1955 . . . .	1,000,000	2,000,000
June 1, 1953 . . . .	1,000,000	7,000,000	June 1, 1956 . . . .	1,000,000	1,000,000
Dec. 1, 1953 . . . .	1,000,000	6,000,000	Dec. 1, 1956 . . . .	1,000,000	—
June 1, 1954 . . . .	1,000,000	5,000,000			

## SCHEDULE 2

## DESCRIPTION OF THE PROJECT

*Reclamation of Kans Grass Infested Land*

In the United Provinces, Central Provinces, Bhopal, and the Madhya-Bharat Union approximately 3,000,000 acres of land infested with Kans grass (*saccharum spontaneum*) have been surveyed. The Borrower will plow and prepare for planting approximately 290,000 acres of such land during 1950 and approximately 460,000 acres during each subsequent year. Such plowing will be done with heavy tractors and deep-plowing equipment suitable for turning over the land so as to expose to the sun the roots of the Kans grass. Such plowing and preparation will be administered, accounted for and done by the Central Tractor Organization of the Borrower. Such heavy tractors and equipment will be used and operated by employees of the Central Tractor Organization specially trained in the handling and maintenance thereof.

The Borrower will cause such deep plowed land to be cultivated at least once a year and will cause suitable tractors and mechanical equipment to be provided for that purpose to the extent that other suitable means of cultivation are not available. Such deep plowed land will be used for growing food grain crops. The Borrower will cause all deep plowed land on which Kans grass shall reappear to be replowed as necessary with suitable tractors and plowing equipment so as to eliminate the Kans grass therefrom.

The Borrower will apportion and recover from the United Provinces, Central Provinces, Bhopal and the Madhya-Bharat Union annually the full annual cost (including amortization of equipment) incurred by the Borrower in carrying out the Project described in this Schedule. The cost (including amortization of equipment) of such plowing, preparation and cultivating will be apportioned on an equitable basis among the owners of the land on which such work is done and will be recovered by the United Provinces, Central Provinces, Bhopal, and the Madhya-Bharat Union from such owners. Recovery of such costs from such owners will be by lump-sum or periodic payments, as appropriate, and may be by payments in the currency of the Borrower or in the produce of such lands.

*Clearing of Jungle Lands*

The Borrower has already cleared some jungle lands using reconditioned war surplus equipment. The Borrower will use not more than thirty heavy tractors together with auxiliary land clearing and servicing equipment purchased out of the proceeds of the Loan for the purpose of carrying out a pilot program for the clearing of jungle lands in the United Provinces with modern equipment.

## SCHEDULE 3-A

## FORM OF DOLLAR BOND PAYABLE TO ORDER

\$ 000  
No. 000

\$ 000  
No. 000

DOMINION OF INDIA

SERIAL BOND—SERIES B

DUE.....

DOMINION OF INDIA, acting by its Governor General (hereinafter called India) for value received, hereby promises to pay to or on the order of ..... on the first day of ....., at the office or agency of International Bank for Reconstruction and Development (hereinafter called the Bank) in the Borough of Manhattan in The City of New York, State of New York, United States of America, the sum of ..... Dollars in such coin or currency of the United States of America as at the time of payment thereof shall be legal tender for the payment of public and private debts, and to pay interest thereon from the date hereof at said office or agency in like coin or currency at the rate of ..... per cent (...%) per annum, payable semi-annually on June 1 and December 1 in each year until payment of the said sum has been made or duly provided for.

This Bond is one of an authorized issue of bonds of the aggregate principal amount of \$00,000,000, (or the equivalent thereof payable in other currencies), known as the Serial Bonds of Dominion of India—Series B (hereinafter called the Bonds), all issued or to be issued under a Loan Agreement dated ....., 1949, between India and the Bank. No reference herein to the Loan Agreement shall impair the obligation of India which is absolute and unconditional to pay the principal of and interest on this Bond at the times and place and in the amounts and in the currency herein prescribed.

The Bonds are subject to redemption at the election of India as a whole at any time or in part (designated by lot, or in such other manner, as may be agreed upon by the Bank and India) from time to time, upon at least 90 days' notice to the Bank at its principal office in the City of Washington, District of Columbia, United States of America, [and, in addition, if any of the Bonds to be redeemed are coupon Bonds, upon notice published at least once a week for three successive weeks, the first publication to be at least 45 days prior to the date fixed for redemption (i) as to Bonds payable in United States dollars, in two daily newspapers printed in the English language and published and of general circulation in said Borough of Manhattan, and (ii) as to Bonds payable in any currency other than United States dollars, in two daily newspapers printed in the official language, or one of the official languages, of the country in whose currency such Bonds are so payable, and published and of general circulation in the city in which such Bonds are so payable], at a redemption price for each Bond equal to the principal amount thereof and interest accrued thereon to the date fixed for such redemption, plus as a premium the following respective percentages of such principal amount :



$\frac{1}{2}$  of 1 %, if redeemed not more than six months prior to the date of maturity specified in such Bond;  $\frac{3}{4}$  of 1 %, if redeemed more than six months and not more than two years and six months prior to said date; 1 %, if redeemed more than two years and six months and not more than four years and six months prior to said date; and  $1\frac{1}{2}$  %, if redeemed more than four years and six months prior to said date.

After the redemption date specified in said notice, interest on the Bonds so called for redemption shall cease to accrue and, upon presentation and surrender of such Bonds for payment and redemption in accordance with said notice, such Bonds shall be paid by India at the office or agency of the Bank in The City of New York aforesaid and at the redemption price or prices aforesaid. If any of such Bonds shall not be so paid upon presentation thereof, they shall continue to bear interest as therein specified until paid.

In case an Event of Default as defined in said Loan Agreement shall happen and shall continue for the period, if any, provided in said Loan Agreement, then and in each such case during the continuance of such Event of Default the Bank, at its option, may declare the principal of all the Bonds then outstanding (if not already due) to be due and payable immediately, and upon any such declaration such principal shall become and shall be due and payable immediately.

The principal of the Bonds, the interest accruing thereon and the premium, if any, on the redemption thereof shall be paid without deduction for and free from any taxes, imposts, levies or duties of any nature now or at any time hereafter imposed by Dominion of India or by any taxing authority thereof or therein and shall be paid free from all restrictions of Dominion of India, its political subdivisions or its agencies; provided, however, that the provisions of this paragraph shall not apply to the taxation of payments made under the provisions of any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of Dominion of India.

IN WITNESS WHEREOF Dominion of India has caused this Bond to be signed in its name with the facsimile signature of the Secretary to the Government of India in the Ministry of Finance and to be countersigned by its ..... thereunto duly authorized.

Dominion of India :  
Secretary to the Government of India  
in the Ministry of Finance

Countersigned :

Dated

## SCHEDULE 3-B

## FORM OF COUPON BOND PAYABLE IN DOLLARS

\$ 000  
No. 000

\$ 000  
No. 000

DOMINION OF INDIA

SERIAL BOND—SERIES B

DUE . . . . .

DOMINION OF INDIA, acting by its Governor General (hereinafter called India) for value received, hereby promises to pay to the bearer on the first day of \_\_\_\_\_, at the office or agency of International Bank for Reconstruction and Development (hereinafter called the Bank) in the Borough of Manhattan in The City of New York, State of New York, United States of America, the sum of \_\_\_\_\_ Dollars in such coin or currency of the United States of America as at the time of payment thereof shall be legal tender for the payment of public and private debts, and to pay interest thereon from the date hereof at said office or agency in like coin or currency at the rate of \_\_\_\_\_ per cent (....%) per annum, payable semi-annually on June 1 and December 1 in each year until payment of the said sum has been made or duly provided for, but until the maturity of this Bond only upon presentation and surrender of the coupons annexed hereto as they severally mature.

This Bond is one of an authorized issue of bonds of the aggregate principal amount of \$00,000,000 (or the equivalent thereof payable in other currencies), known as the Serial Bonds of Dominion of India—Series B (hereinafter called the Bonds), all issued or to be issued under a Loan Agreement dated \_\_\_\_\_, 1949, between India and the Bank. No reference herein to the Loan Agreement shall impair the obligation of India which is absolute and unconditional to pay the principal of and interest on this Bond at the times and place and in the amounts and in the currency herein prescribed.

The Bonds are subject to redemption at the election of India as a whole at any time or in part (designated by lot, or in such other manner, as may be agreed upon by the Bank and India) from time to time, upon at least 90 days' notice to the Bank at its principal office in the City of Washington, District of Columbia, United States of America [and, in addition, if any of the Bonds to be redeemed are coupon Bonds, upon notice published at least once a week for three successive weeks, the first publication to be at least 45 days prior to the date fixed for redemption (i) as to Bonds payable in United States dollars, in two daily newspapers printed in the English language and published and of general circulation in said Borough of Manhattan, and (ii) as to Bonds payable in any currency other than United States dollars, in two daily newspapers printed in the official language, or one of the official languages, of the country in whose currency such Bonds are so payable, and published and of general circulation in the city in which such Bonds are so payable], at a redemption price for each Bond equal to the principal

amount thereof and interest accrued thereon to the date fixed for such redemption, plus as a premium the following respective percentages of such principal amount:  $\frac{1}{2}$  of 1 %, if redeemed not more than six months prior to the date of maturity specified in such Bond;  $\frac{3}{4}$  of 1 %, if redeemed more than six months and not more than two years and six months prior to said date; 1  $\frac{0}{10}$ , if redeemed more than two years and six months and not more than four years and six months prior to said date; and 1  $\frac{1}{2}$  %, if redeemed more than four years and six months prior to said date.

After the redemption date specified in said notice, interest on the Bonds so called for redemption shall cease to accrue and the coupons for interest accruing after said date shall be void and, upon presentation and surrender of such Bonds for payment and redemption in accordance with said notice with all unmatured coupons thereto appertaining, such Bonds shall be paid by India at the office or agency of the Bank in The City of New York aforesaid and at the redemption price or prices aforesaid. If any of such Bonds shall not be so paid upon presentation thereof, they shall continue to bear interest as therein specified until paid, and the coupons for interest accruing after the date fixed for redemption shall be in full force and effect.

In case an Event of Default as defined in said Loan Agreement shall happen and shall continue for the period, if any, provided in said Loan Agreement, then and in each such case during the continuance of such Event of Default the Bank, at its option, may declare the principal of all the Bonds then outstanding (if not already due) to be due and payable immediately, and upon any such declaration such principal shall become and shall be due and payable immediately.

The principal of the Bonds, the interest accruing thereon and the premium, if any, on the redemption thereof shall be paid without deduction for and free from any taxes, imposts, levies or duties of any nature now or at any time hereafter imposed by Dominion of India or by any taxing authority thereof or therein and shall be paid free from all restrictions of Dominion of India, its political subdivisions or its agencies; provided, however, that the provisions of this paragraph shall not apply to the taxation of payments made under the provisions of any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of Dominion of India.

IN WITNESS WHEREOF Dominion of India has caused this Bond to be signed in its name with the facsimile signature of the Secretary to the Government of India in the Ministry of Finance and to be countersigned by its thereunto duly authorized and the coupons for said interest bearing the facsimile signature of the Secretary to the Government of India in the Ministry of Finance to be attached hereto.

Dominion of India :  
Secretary to the Government of India  
in the Ministry of Finance

Countersigned :

Dated

No. 2033

## FORM OF INTEREST COUPON

No. ....

.....

On the first day of \_\_\_\_\_, 19\_\_\_\_, unless the Bond hereinafter mentioned shall have been called for previous redemption and payment duly provided therefor, Dominion of India, acting by its Governor General, will pay to bearer, upon surrender of this coupon, at the office or agency of International Bank for Reconstruction and Development in the Borough of Manhattan in The City of New York, ..... Dollars (\$.....) in such coin or currency of the United States of America as at the time of payment thereof shall be legal tender for the payment of public and private debts, being six months' interest then due on its Serial Bond, No. ...., due .....

Dominion of India :  
Secretary to the Government of India  
in the Ministry of Finance

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 1, DATED 9 MAY 1947

REGULATIONS GOVERNING THE ARBITRATION OF CONTROVERSIES AND CLAIMS ARISING UNDER LOAN AGREEMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 152, p. 116*]

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 2, DATED 28 APRIL 1948

REGULATIONS GOVERNING THE DETERMINATION OF THE EQUIVALENT IN DOLLARS OF PARTS OF LOANS REPAYABLE IN CURRENCIES OTHER THAN DOLLARS AND THE AMOUNTS TO BE PAID AS PRINCIPAL, INTEREST AND OTHER CHARGES IN RESPECT OF PARTS OF LOANS ADVANCED OUT OF THE BANK'S CAPITAL HELD IN SUCH CURRENCIES

[*Not published herein. See United Nations, Treaty Series, Vol. 153, p. 340*]

LETTER-AGREEMENT<sup>1</sup> BETWEEN THE DOMINION OF INDIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT CONCERNING PARTIAL CANCELLATION OF THE LOAN AND A REVISED TABLE OF AMORTIZATION. DATED AT WASHINGTON, ON 10 OCTOBER 1951

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
WASHINGTON 25, D. C.

AIR MAIL

October 10, 1951

The Secretary  
Ministry of Finance  
Government of India  
New Delhi, India

Dear Sir :

Pursuant to Loan Contract Number 19 IN, dated September 29, 1949,<sup>2</sup> between the Republic of India and this Bank, and further to the request of Mr. D. S. Savkar, the Alternate Executive Director for India, that the cancellation of \$1.5 million from the Loan on July 27, 1951 should be applied pro-rata over all the maturities of the Loan, we are pleased to consent to this request. We therefore attach hereto an amended table of amortization. If you agree with the contents of the amended table please indicate your approval by signing the copy of this letter in the space provided.

Sincerely yours,

(Signed) D. CRENA DE IONGH  
Treasurer

Attachment

*Approved by* K. G. AMBEGAOKAR  
Secretary to the Government of India,  
Ministry of Finance  
New Delhi, India

(2) Mr. J. F. Barron  
India Supply Mission  
635 F Street, N. W.  
Washington 4, D. C.

<sup>1</sup> Came into force on 10 October 1951 by signature.

<sup>2</sup> See p. 394 of this volume.

## SCHEDULE 1

AMENDED TABLE OF AMORTIZATION  
 (After application of cancellation of  
 \$1.5 million pro-rata to each maturity)

<i>Date Payment Due</i>	<i>Payment of Principal</i>	<i>Principal Amount Outstanding After Each Payment</i>	<i>Date Payment Due</i>	<i>Payment of Principal</i>	<i>Principal Amount Outstanding After Each Payment</i>
		\$8,500,000	Dec. 1, 1954 . . . . .	850,000	3,400,000
June 1, 1952 . . . . .	\$850,000	7,650,000	June 1, 1955 . . . . .	850,000	2,550,000
Dec. 1, 1952 . . . . .	850,000	6,800,000	Dec. 1, 1955 . . . . .	850,000	1,700,000
June 1, 1953 . . . . .	850,000	5,950,000	June 1, 1956 . . . . .	850,000	850,000
Dec. 1, 1953 . . . . .	850,000	5,100,000	Dec. 1, 1956 . . . . .	850,000	—
June 1, 1954 . . . . .	850,000	4,250,000			