

No. 2715

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

**Loan Agreement—*Damodar Project*—(with annexed Loan Regulations No. 3 and Project Agreement—*Damodar Project*—between the Bank and the Damodar Valley Corporation). Signed at Washington, on 23 January 1953**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on 5 November 1954.*

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

**Contrat d'emprunt — *Projet de la Damodar* — (avec, en annexe, le Règlement n° 3 sur les emprunts et le Contrat relatif à un projet — *Projet de la Damodar* — entre la Banque et la Damodar Valley Corporation). Signé à Washington, le 23 janvier 1953**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 5 novembre 1954.*

No. 2715. LOAN AGREEMENT<sup>1</sup> (*DAMODAR PROJECT*)  
BETWEEN INDIA AND THE INTERNATIONAL BANK  
FOR RECONSTRUCTION AND DEVELOPMENT.  
SIGNED AT WASHINGTON, ON 23 JANUARY 1953

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AGREEMENT, dated January 23, 1953, between INDIA, acting by its President, party of the first part, and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank), party of the second part.

*Article I*

LOAN REGULATIONS; SPECIAL DEFINITIONS

*Section 1.01.* The parties to this Agreement accept all the provisions of Loan Regulations No. 3<sup>2</sup> of the Bank, dated October 15, 1952, subject, however, to the modifications thereof set forth in Schedule 3<sup>3</sup> to this Agreement (such Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein, provided that the term Borrower means India, acting by its President.

*Section 1.02.* The term Damodar means Damodar Valley Corporation, a corporation organized and existing under the laws of India.

The term Project Agreement<sup>4</sup> means the agreement of even date herewith between the Bank and Damodar.

The term Participating Government means the Borrower and the States of Bihar and West Bengal and any other Government which shall be added as a Participating Government by amendment of the Damodar Valley Corporation Act, 1948, or any successor of any of the foregoing.

*Article II*

THE LOAN

*Section 2.01.* The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, the sum of nineteen million

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<sup>1</sup> Came into force on 22 March 1954, upon notification by the Bank to the Government of India.

<sup>2</sup> See p. 162 of this volume.

<sup>3</sup> See p. 160 of this volume.

<sup>4</sup> See p. 162 of this volume.

five hundred thousand dollars (\$19,500,000), or the equivalent thereof in currencies other than dollars.

*Section 2.02.* The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.

*Section 2.03.* For the purposes of Section 2.02 of the Loan Regulations three-fourths of one per cent ( $\frac{3}{4}$  of 1%) per annum is specified as the rate of commitment charge and a date 90 days after the date of this Agreement or the Effective Date, whichever shall be the earlier, is specified as the date from which it will commence to accrue.

*Section 2.04.* The rate of interest specified for the purposes of Section 2.03 of the Loan Regulations is four and seven-eighths per cent ( $4\frac{7}{8}$ %) per annum.

*Section 2.05.* Except as the Borrower and the Bank shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ( $\frac{1}{2}$  of 1%) per annum on the principal amount of any such special commitment outstanding.

*Section 2.06.* Interest and other charges shall be payable semi-annually on January 15 and July 15 in each year.

*Section 2.07.* The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1<sup>1</sup> to this Agreement.

### Article III

#### USE OF PROCEEDS OF THE LOAN

*Section 3.01.* The Borrower shall cause the proceeds of the Loan to be applied exclusively to the cost of goods which will be required for the carrying out of the Project described in Schedule 2<sup>2</sup> to this Agreement. The specific goods to be purchased out of the proceeds of the Loan shall be determined by agreement between the Borrower and the Bank, and the list of such goods may be modified from time to time by agreement between them.

*Section 3.02.* The Borrower shall cause all goods purchased in whole or in part with the proceeds of the Loan to be used in the territories of the Borrower exclusively in the carrying out and operation of the Project.

<sup>1</sup> See p. 156 of this volume.

<sup>2</sup> See p. 158 of this volume.

*Article IV*

## BONDS

*Section 4.01.* The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

*Section 4.02.* A Secretary to the Government of India in the Ministry of Finance, and such person or persons as he shall appoint in writing, or any of them, are designated as authorized representatives of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

*Article V*

## PARTICULAR COVENANTS

*Section 5.01. (a)* The Borrower shall cause the Project to be carried out and completed with due diligence and efficiency and in conformity with sound engineering and financial practices.

*(b)* The Borrower shall cause Damodar punctually to perform all the covenants and agreements on its part to be performed as set forth in the Project Agreement, and shall take or cause to be taken all action which shall be necessary in order to enable Damodar to perform such covenants and agreements.

*(c)* The Borrower shall provide or cause to be provided as capital payments to Damodar the funds required for the carrying out and completion of the Project.

*Section 5.02. (a)* The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

*(b)* The Borrower and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Bank of any condition which shall arise that shall interfere with, or threaten to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

*(c)* The Borrower shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Borrower for purposes related to the Loan.

*Section 5.03.* It is the mutual intention of the Borrower and the Bank that no other external debt enjoy any priority over the Loan by way of a lien on gov-

ernmental assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect, provided, however, that the foregoing provisions of this Section shall not apply to (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods; or (iii) any lien arising in the ordinary course of bank transactions to secure a debt maturing not more than one year after the date on which it is originally incurred.

The word Borrower as used in this Section means the Borrower or any of its political subdivisions or any agency of any of the foregoing, including the Reserve Bank of India.

*Section 5.04.* The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for and free from any taxes (including duties, fees or impositions) imposed under the laws of the Borrower or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of, or duties or fees or impositions upon, payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower.

*Section 5.05.* The Loan Agreement, the Project Agreement and the Bonds shall be free from any taxes (including duties, fees or impositions) that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof and the Borrower shall pay all such taxes (including duties, fees and impositions), if any, imposed under the laws of the country or countries in whose currency or currencies the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

*Section 5.06.* The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Borrower or laws in effect in its territories.

*Section 5.07.* The Borrower shall cause to be provided the funds necessary to replace or repair any goods purchased in whole or in part with the proceeds of the Loan which shall be damaged, destroyed or lost.

*Article VI*

## REMEDIES OF THE BANK

*Section 6.01.* If any event specified in paragraph (a) or paragraph (b) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days or if any event specified in paragraphs (c) or (h) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

*Article VII*

## EFFECTIVE DATE; TERMINATION

*Section 7.01.* The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 9.01 (b) of the Loan Regulations :

(a) that the execution and delivery of the Project Agreement on behalf of Damodar shall have been duly authorized or ratified by all necessary action of Damodar;

(b) that all necessary acts, consents and approvals to authorize the construction and operation of the Project by Damodar with all necessary powers and rights in connection therewith shall have been performed or given.

*Section 7.02.* The following are specified as additional matters, within the meaning of Section 9.02 (c) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank :

(a) that Damodar has full power and authority to construct and operate the Project and has all necessary rights and powers in connection therewith and that all acts, consents and approvals of each of the Participating Governments necessary therefor have been duly and validly performed or given;

(b) that the Project Agreement has been duly authorized by, and executed and delivered on behalf of, Damodar and is a valid and binding obligation of Damodar in accordance with its terms.

*Section 7.03.* A date 90 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

## Article VIII

## MISCELLANEOUS

*Section 8.01.* The Closing Date shall be June 30, 1956.

*Section 8.02.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower : The Secretary, Ministry of Finance, Government of India, New Delhi, India.

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

*Section 8.03.* A Secretary to the Government of India in the Ministry of Finance is designated for the purposes of Section 8.03 of the Loan Regulations.

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

India  
By G. L. MEHTA  
Authorized Representative  
International Bank for Reconstruction and Development  
By Eugene R. BLACK  
President

## SCHEDULE 1

## AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Principal Amount Outstanding After Each Payment (expressed in dollars) *</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Principal Amount Outstanding After Each Payment (expressed in dollars) *</i>
January 15, 1956 . . .	—	\$19,500,000	July 15, 1961 . . .	\$333,000	\$16,244,000
July 15, 1956 . . .	\$262,000	19,238,000	January 15, 1962 . . .	341,000	15,903,000
January 15, 1957 . . .	268,000	18,970,000	July 15, 1962 . . .	349,000	15,554,000
July 15, 1957 . . .	275,000	18,695,000	January 15, 1963 . . .	358,000	15,196,000
January 15, 1958 . . .	281,000	18,414,000	July 15, 1963 . . .	367,000	14,829,000
July 15, 1958 . . .	288,000	18,126,000	January 15, 1964 . . .	376,000	14,453,000
January 15, 1959 . . .	295,000	17,831,000	July 15, 1964 . . .	385,000	14,068,000
July 15, 1959 . . .	302,000	17,529,000	January 15, 1965 . . .	394,000	13,674,000
January 15, 1960 . . .	310,000	17,219,000	July 15, 1965 . . .	404,000	13,270,000
July 15, 1960 . . .	317,000	16,902,000	January 15, 1966 . . .	414,000	12,856,000
January 15, 1961 . . .	325,000	16,577,000	July 15, 1966 . . .	424,000	12,432,000

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Principal Amount Outstanding After Each Payment (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Principal Amount Outstanding After Each Payment (expressed in dollars)*</i>
January 15, 1967 .	\$434,000	\$11,998,000	July 15, 1972 . .	\$565,000	\$6,469,000
July 15, 1967 . .	444,000	11,554,000	January 15, 1973 .	579,000	5,890,000
January 15, 1968 .	455,000	11,099,000	July 15, 1973 . .	593,000	5,297,000
July 15, 1968 . .	466,000	10,633,000	January 15, 1974 .	608,000	4,689,000
January 15, 1969 .	478,000	10,155,000	July 15, 1974 . .	623,000	4,066,000
July 15, 1969 . .	489,000	9,666,000	January 15, 1975 .	638,000	3,428,000
January 15, 1970 .	501,000	9,165,000	July 15, 1975 . .	653,000	2,775,000
July 15, 1970 . .	514,000	8,651,000	January 15, 1976 .	669,000	2,106,000
January 15, 1971 .	526,000	8,125,000	July 15, 1976 . .	686,000	1,420,000
July 15, 1971 . .	539,000	7,586,000	January 15, 1977 .	702,000	718,000
January 15, 1972 .	552,000	7,034,000	July 15, 1977 . .	718,000	—

\* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.02) the figures in these columns represent dollar equivalents determined as for purposes of withdrawal.

#### PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than 5 years before maturity . . . . .	½%
More than 5 years but not more than 10 years before maturity . . . . .	1%
More than 10 years but not more than 15 years before maturity . . . . .	1½%
More than 15 years but not more than 20 years before maturity . . . . .	2%
More than 20 years before maturity . . . . .	2½%

#### SCHEDULE 2

##### DESCRIPTION OF THE PROJECT

The Project, located in the Damodar Valley and adjacent areas in the states of Bihar and West Bengal, will consist of two multi-purpose dams; two hydroelectric power plants to be connected to the Damodar Valley grid; and an irrigation system including a barrage, and irrigation and navigation canals.

##### *Maithon*

The Maithon Dam and Hydroelectric Generating Plant will be situated on the Barakar River eight miles above its confluence with the Damodar River. The multi-purpose dam will be a combination of earth and concrete gravity construction rising about



162 feet above the river bed, its primary function being flood control, although it will also be used for irrigation and power. The reservoir created behind the dam will have a capacity of 1,104,000 acre feet. The underground power plant will have a generating capacity of 60,000 kilowatts.

#### *Panchet Hill*

The Panchet Hill Dam and Hydroelectric Generating Plant will be situated on the Damodar River approximately 13 miles above its junction with the Barakar River. The dam will be a combination of earth and concrete gravity construction rising about 133 feet above the river bed. Like Maithon, the dam will be multi-purpose, with flood control its primary function. The reservoir created behind the dam will have a total capacity of 1,214,000 acre feet. The power plant, with a generating capacity of 40,000 KW, will be of conventional above ground design.

The reservoirs will be stocked with fish.

#### *Durgapur Barrage and Irrigation System*

The Durgapur Barrage will be constructed at Durgapur on the lower Damodar River, about nine miles upstream from the Anderson Weir, and will be of the floating raft type constructed over three lines of sheet piling. The structure will include gates for releasing water, a lock for navigation, fish ladders and a roadway. The length of the concrete section of the barrage will be 2,305 feet. The right bank regulator is designed to pass 2,130 cubic feet per second and the left bank, 9,400. The main irrigation canal, which will also be used for navigation, will connect the Damodar and Hooghly Rivers and will be approximately 80 miles long with an average width of 60 feet and minimum depth of 9 feet. On the left bank besides the main canal there will be about 800 miles of branch canals and ditches, 398 miles of drainage channels and 50 miles of old canals which will be rehabilitated. The right bank system will consist of about 850 miles of main canals and ditches. There will also be lower locks at the Kunti River, regulators, falls and bridges.

The two hydroelectric plants will be located on and connected to the Damodar Valley transmission grid already under construction by Damodar.

Water will be supplied for industrial and domestic use.

### SCHEDULE 3

#### MODIFICATIONS OF LOAN REGULATIONS NO. 3<sup>1</sup>

For the purposes of this Agreement, Loan Regulations No. 3 of the Bank, dated October 15, 1952, shall be deemed to be modified by the deletion of paragraph (h) of Section 5.02 and the substitution therefor of the following :

“(h) if default shall be made in the performance of any covenant or agreement on the part of Damodar set forth in the Project Agreement or in the Project Agreement between the Bank and Damodar dated April 18, 1950.”

<sup>1</sup> See p. 162 of this volume.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 OCTOBER 1952

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[Not published herein. See *United Nations, Treaty Series, Vol. 165, p. 252.*]

### PROJECT AGREEMENT (*DAMODAR PROJECT*)

AGREEMENT, dated January 23, 1953, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and DAMODAR VALLEY CORPORATION (hereinafter called Damodar).

WHEREAS by an agreement of even date herewith between India (hereinafter called the Borrower) and the Bank, which agreement and the Schedules and Loan Regulations therein referred to are hereinafter called the Loan Agreement,<sup>1</sup> the Bank has agreed to make to the Borrower a loan in the aggregate principal amount of nineteen million five hundred thousand dollars (\$19,500,000) or the equivalent thereof in other currencies on the terms and conditions set forth in the Loan Agreement, but only on condition that Damodar agrees to undertake certain obligations to the Bank as hereinafter in this Agreement set forth; and

WHEREAS Damodar, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows :

#### *Article I*

##### DEFINITIONS

Wherever used in this Agreement unless the context shall otherwise require, the several terms defined in the Loan Agreement shall have the respective meanings therein set forth.

#### *Article II*

##### PARTICULAR COVENANTS OF DAMODAR

Damodar hereby covenants as follows :

*Section 1.* Damodar will carry out and complete the Project and will operate and maintain the property and equipment included in the Project with due diligence and efficiency and in conformity with sound engineering and financial practices.

<sup>1</sup> See p. 145 of this volume.

*Section 2.* Damodar will, immediately upon the preparation thereof, furnish to the Bank the plans and specifications for the Project in such form and detail as the Bank shall reasonably request. Any material modifications or changes in such plans and specifications will be promptly furnished to the Bank.

*Section 3.* Damodar 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, to record the progress of the Project, and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Project.

*Section 4.* Damodar 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, the Project, and any other properties or equipment owned or operated by Damodar to the extent that the construction or operation thereof affects the economical and efficient construction, operation and maintenance of the Project, 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 of the Project.

*Section 5.* Damodar 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 of the Project and, to the extent that they affect the economical and efficient construction, operation and maintenance of the Project, the operations and financial condition of Damodar.

*Section 6.* In order that the Bank and Damodar 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 Project and the other matters covered by this Agreement. 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) Damodar will promptly inform the Bank through the Borrower of any condition which shall arise that shall prevent, or threaten to prevent, the performance by Damodar of its obligations under this Agreement or shall increase or threaten to increase materially the estimated cost of the Project.

*Section 7.* Damodar will import or cause to be imported into the territories of the Borrower all goods purchased in whole or in part with the proceeds of the Loan and, except as shall be otherwise agreed in writing by the Bank and by the Borrower, will

use them there or will cause them to be used there exclusively in the carrying out and operation of the Project and will obtain title to all such goods free and clear of all incumbrances.

*Section 8.* Damodar 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 III

#### MISCELLANEOUS PROVISIONS

*Section 1.* No holder of any Bond other than the Bank shall by virtue of being the holder thereof be entitled to exercise any of the rights conferred, or be subject to any of the conditions or obligations imposed, upon the Bank under this Agreement.

*Section 2.* Any notice, demand or request 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, demand or request 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, demand or request. The addresses so specified are :

(a) For Damodar : Secretary, Damodar Valley Corporation, Anderson House, Calcutta 27, 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 3.* This Agreement may be executed in several counterparts, each of which shall be an original and all collectively but one instrument.

*Section 4.* Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Agreement on behalf of Damodar may be taken or executed by its Chairman or any person thereunto authorized in writing by him.

*Section 5.* Damodar shall furnish to the Bank sufficient evidence of the authority of the person or persons who will, on behalf of Damodar, take any action or execute any documents required or permitted to be taken or executed by Damodar pursuant to any of the provisions of this Agreement and the authenticated specimen signature of each such person.

### Article IV

#### EFFECTIVE DATE

*Section 1.* This Agreement shall come into force and effect on the Effective Date. If, pursuant to Section 9.04 of the Loan Regulations, the Bank shall terminate the Loan

Agreement, the Bank shall promptly notify Damodar thereof and upon the giving of such notice, this Agreement and all obligations of the parties hereunder shall forthwith cease and determine.

*Section 2.* If and when the entire principal amount of the Loan shall have been paid or caused to be paid by the Borrower (or shall have been cancelled), together with 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, this Agreement and all obligations of Damodar and of the Bank hereunder shall forthwith terminate.

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

International Bank for Reconstruction and Development  
By Eugenc R. BLACK  
President

Damodar Valley Corporation  
By S. N. MOZUMDAR  
Authorized Representative