

No. 4603

**UNITED STATES OF AMERICA
and
INDIA**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act,
as amended (with related letter). Signed at New
Delhi, on 23 June 1958**

Official text: English.

Registered by the United States of America on 18 December 1958.

**ÉTATS-UNIS D'AMÉRIQUE
et
INDE**

**Accord relatif aux produits agricoles, conclu dans le cadre
du titre I de la loi tendant à développer et à favoriser
le commerce agricole, telle qu'elle a été modifiée
(avec lettre connexe). Signé a New-Delhi, le 23 juin 1958**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 18 décembre 1958.

No. 4603. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED
STATES OF AMERICA AND THE GOVERNMENT OF
INDIA UNDER TITLE I OF THE AGRICULTURAL
TRADE DEVELOPMENT AND ASSISTANCE ACT, AS
AMENDED. SIGNED AT NEW DELHI, ON 23 JUNE
1958

The Government of the United States of America and the Government of India

Recognizing the desirability of expanding trade in agricultural commodities between their two countries and with other friendly nations in a manner which would not displace usual marketings of the United States of America in these commodities, or unduly disrupt world prices of agricultural commodities;

Considering that the purchase for Indian Rupees of surplus agricultural commodities produced in the United States of America will assist in achieving such an expansion of trade;

Considering that the Indian Rupees accruing from such purchases will be utilised in a manner beneficial to both countries;

Desiring to set forth the understandings which will govern the sales of surplus agricultural commodities to the Government of India pursuant to Title I of the Agricultural Trade Development and Assistance Act, as amended, and the measures which the two Governments will take individually and collectively in furthering the expansion of trade in such commodities;

Have agreed as follows :

Article I

SALES FOR RUPEES

Subject to the issuance by the Government of the United States of America and acceptance by the Government of India of purchase authorizations, the Government of the United States of America undertakes to finance the sale to purchasers authorized by the Government of India for rupees of the following agricultural commodities determined to be surplus pursuant to Title I of the Agricultural Trade Development and Assistance Act in the amounts indicated.

¹ Came into force on 23 June 1958, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Amount (millions \$)</i>
Corn	5.0
Grain Sorghum	4.0
Wheat	37.0
	—
SUB-TOTAL	46.0
Estimated 50% ocean transportation	11.0
	—
TOTAL	57.0

Purchase authorizations will be issued not later than 90 calendar days after the effective date of this agreement. They will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of the rupees accruing from such sale and other relevant matters.

Article II

USES OF RUPEES

The two Governments agree that the rupees accruing to the Government of the United States of America as a consequence of the sales made pursuant to this agreement will be used by the Government of the United States of America in such manner and order of priority as the Government of the United States of America may determine, for the following purposes, in the amounts shown :

1. For United States expenditures under sub-sections (a) (b) (d) (e) (f) (h) (i) and (j) of Section 104 of the Act, the Indian rupee equivalent of \$21.9 million.

2. For a loan to the Government of India to promote the economic development of India under Section 104 (g) of the Act, the rupee equivalent of \$35.1 million, the terms and conditions of which will be included in a supplemental agreement between the two Governments. It is understood that :

(a) The loan will be denominated in dollars with payment of principal and interest to be made in U.S. dollars, or, at the option of the Government of India in rupees, such payments in rupees to be made at the applicable exchange rates as defined in the loan agreement, in effect on the date of payment. It is further understood that loan funds shall be disbursed only after prior agreement as to the use of such loan funds. These and other provisions will be set forth in the loan agreement and any agreement supplemental thereto. In the event the rupees set aside for loans to the Government of India are not advanced within three years from the date of this

Agreement as a result of failure of the two Governments to reach agreement on the use of the rupees for loan purposes, the Government of the United States of America may use the rupees for any other purposes authorised by Section 104 of the Act.

- (b) In the event the total of rupees accruing to the Government of the United States of America as a consequence of sales made pursuant to this Agreement is less than the rupees equivalent of \$57.0 million the amount available for a loan to the Government of India under Section 104 (g) may be reduced by the amount of such difference; in the event the total rupee deposit exceeds the equivalent of \$57.0 million, 60 percent may be available for the loan under 104 (g) and 40 percent for any use or uses authorized under Section 104 as determined by the Government of the United States of America.

Article III

DEPOSIT OF INDIAN RUPEES

The deposit of Indian rupees to the account of the Government of the United States of America in payment for the commodities and for ocean transportation costs financed by the Government of the United States of America (except excess costs resulting from the requirement that United States flag vessels be used) shall be made at the rate of exchange for United States dollars generally applicable to import transactions (excluding imports granted a preferential rate) in effect on the dates of dollar disbursement by United States banks or by the United States of America, as provided in the purchase authorizations.

Article IV

GENERAL UNDERSTANDINGS

1. The Government of India agrees that it will take all possible measures to prevent the resale or transshipment to other countries, or the use for other than domestic purpose (except where such resale, transshipment or use is specifically approved by the Government of the United States of America), of the surplus agricultural commodities purchased pursuant to the provisions of this Agreement, and to assure that the purchase of such commodities does not result in increased availability for export from India of these or like commodities.

2. The two Governments agree that they will take reasonable precautions to assure that sales or purchases of surplus agricultural commodities pursuant to this Agreement will not unduly disrupt world prices of agricultural com-

modities, displace usual marketings of the United States of America in these commodities, or materially impair trade relations among the countries of the free world.

3. In carrying out this Agreement, the two Governments will seek to assure conditions of commerce permitting private traders to function effectively and will use their best endeavors to develop and expand continuous market demand for agricultural commodities.

4. The Government of India agrees to furnish, upon request of the Government of the United States of America, information on the progress of the program, particularly with respect to arrivals and conditions of commodities and provisions for the maintenance of usual marketings and information relating to exports of the same or like commodities.

Article V

CONSULTATION

The two Governments will upon the request of either of them consult regarding any matters relating to the application of this Agreement or to the operation of arrangements carried out pursuant to this Agreement.

Article VI

This Agreement shall enter into force upon signature.

IN WITNESS WHEREOF, the respective representatives, duly authorized for the purpose, have signed the present Agreement.

DONE at New Delhi, this twenty third day of June, 1958.

For the Government
of the United States of America :

Ellsworth BUNKER
Ambassador of the United States
of America in India

For the Government
of India :

N. C. SEN GUPTA
Joint Secretary
Ministry of Finance

RELATED LETTER

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA
AMERICAN EMBASSY
NEW DELHI

June 23, 1958

Mr. N. C. Sen Gupta, I.C.S.
Joint Secretary
Department of Economic Affairs
Ministry of Finance
Government of India

Dear Mr. Sen Gupta :

I have the honor to refer to the Title I, United States Public Law 480 Agreement signed today¹ between the Government of the United States of America and the Government of India and to say that with regard to the rupees accruing to uses indicated under Article II, paragraph 1 of the Agreement, the understanding of the Government of the United States of America is as follows :

1. That the rupee equivalent of not more than \$2.0 million is to provide assistance of the types provided for under Section 104 (j) of the Act.

2. That the rupee equivalent of \$14.2 million, but not more than 25 per cent of the currencies received under the Agreement will be used for loans to be made by the Export-Import Bank of Washington under Section 104 (e) of the Act and for administrative expenses of the Export-Import Bank of Washington in India incident thereto. It is understood that :

(a) Such loans under Section 104 (e) of the Act will be made to the United States business firms and branches, subsidiaries, or affiliates of such firms in India for business development and trade expansion of India and to United States firms and to Indian firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of and markets for United States agricultural products. In the event the rupees set aside for loans under Section 104 (e) of the Act, as amended, are not advanced within three years from the date of this Agreement because the Export-Import Bank of Washington has not approved loans or because proposed loans have not been mutually agreeable to the Export-Import Bank of Washington and the Department of Economic

¹ See p. 182 of this volume.

Affairs, the Government of the United States of America may use the rupees for any purpose authorized by Section 104 of the Act, as amended.

- (b) Loans will be mutually agreeable to the Export-Import Bank of Washington and the Government of India acting through the Department of Economic Affairs of the Ministry of Finance. The Secretary, Department of Economic Affairs, or his designate, will act for the Government of India, and the President of the Export-Import Bank of Washington, or his designate, will act for the Export-Import Bank of Washington.
- (c) Upon receipt of an application which the Export-Import Bank is prepared to consider, the Export-Import Bank will notify the Department of Economic Affairs of the identity of the applicant, the nature of the proposed business, the amount of the proposed loan, the general purposes for which the loan proceeds would be expended, and the probable range of (1) the interest rate, and (2) the repayment period. In approving a loan, the Export-Import Bank of Washington will (1) fix an interest rate similar to that prevailing in India on comparable loans, and (2) establish similar maturities to those of Export-Import Bank dollar loans to private enterprises.
- (d) Within sixty days after the receipt of such notice the Department of Economic Affairs will indicate to the Export-Import Bank whether or not the Department of Economic Affairs is receptive to the proposed loan. Unless within the sixty-day period the Export-Import Bank has received such a communication from the Department of Economic Affairs, it shall be understood that the Department of Economic Affairs has no objection to the proposed loan. When the Export-Import Bank approves or declines the proposed loan, it will notify the Department of Economic Affairs.

I have the honor to request you kindly to confirm that this is also the understanding of the Government of India.

Sincerely yours,

Ellsworth BUNKER
American Ambassador

Confirmed on behalf
of the Government of India :

By N. C. SEN GUPTA
June 23, 1958