

No. 4236

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**UNITED STATES OF AMERICA  
and  
INDIA**

**Exchange of notes constituting an agreement relating to the guaranty of private investments. Washington, 19 September 1957**

*Official text: English.*

*Registered by the United States of America on 21 March 1958.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
INDE**

**Échange de notes constituant un accord relatif à la garantie des investissements privés. Washington, 19 septembre 1957**

*Texte officiel anglais.*

*Enregistré par les États-Unis d'Amérique le 21 mars 1958.*

No. 4236. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup> BETWEEN THE UNITED STATES OF AMERICA AND INDIA RELATING TO THE GUARANTY OF PRIVATE INVESTMENTS. WASHINGTON, 19 SEPTEMBER 1957

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I

*The Secretary of State to the Ambassador of India*

DEPARTMENT OF STATE  
WASHINGTON

September 19, 1957

Excellency :

I have the honor to refer to conversations which have recently taken place between representatives of our two Governments, relating to guaranties authorized by Section 413 (b) (4) (B) (i) of the Mutual Security Act of 1954, as amended, and to confirm the following understandings reached as a result of the conversations :

1. The Governments of India and the United States of America will, upon request of either of them, consult respecting projects in India proposed by nationals of the United States of America with regard to which guaranties under Section 413 (b) (4) (B) (i) of the Mutual Security Act of 1954, as amended, have been made or are under consideration.

2. The Government of the United States of America agrees that it will issue no guaranty with regard to any project unless it is approved by the Government of India.

3. With respect to such guaranties extending to projects which are approved by the Government of India in accordance with the provisions of the aforesaid Section 413 (b) (4) (B) (i), the Government of India agrees :

a) That if the Government of the United States of America makes payment in United States dollars to any person under any such guaranty, the Government of India will recognize the transfer to the United States of America of any right, title or interest of such person in assets, currency, credits or other property on account of which such payment was made and the subrogation of the United States of America to any claim or cause of action, or right of such person arising in connection therewith.

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<sup>1</sup> Came into force on 19 September 1957 by the exchange of the said notes.

- b) That rupee amounts acquired by the Government of the United States of America pursuant to such guaranties shall be accorded treatment not less favorable than that accorded to private funds arising from transactions of United States nationals which are comparable to the transactions covered by such guaranties, and that such rupee amounts will be freely available to the Government of the United States of America for administrative expenditures.

Upon receipt of a note from Your Excellency indicating that the foregoing provisions are acceptable to the Government of India, the Government of the United States of America will consider that this note and your reply thereto constitute an agreement between the two Governments on this subject, the agreement to enter into force on the date of your note in reply.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State :

Lampton BERRY

His Excellency Gaganvihari Lallubhai Mehta  
Ambassador of India

## II

### *The Ambassador of India to the Secretary of State*

EMBASSY OF INDIA  
WASHINGTON, D. C.

19 September 1957

Excellency,

I have the honour to refer to Your Excellency's note of date in which it is stated that the two Governments have reached an undertaking as a result of conversations relating to convertibility of Investment receipts authorised by Section 413 (b) (4) (B) (i) of the Mutual Security Act of 1954 as amended. It is my privilege to inform you that the Government of India has authorised me to accept the terms contained therein as follows :

[*See note I*]

Please accept, Excellency, the assurances of my highest consideration.

G. L. MEHTA  
Ambassador of India

His Excellency John Foster Dulles  
Secretary of State  
Department of State  
Washington, D. C.