

No. 5075

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

Guarantee Agreement—*Second Industrial Credit and Investment Project* (with annexed Loan Regulations No. 4 and Loan Agreement between the Bank and The Industrial Credit and Investment Corporation of India Limited). Signed at Washington, on 15 July 1959

Official text: English.

Registered by the International Bank for Reconstruction and Development on 8 April 1960.

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

Contrat de garantie — *Deuxième projet relatif au crédit et aux investissements industriels* (avec, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt entre la Banque et The Industrial Credit and Investment Corporation of India Limited). Signé à Washington, le 15 juillet 1959

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 8 avril 1960.

No. 5075. GUARANTEE AGREEMENT¹ (*SECOND INDUSTRIAL CREDIT AND INVESTMENT PROJECT*) BETWEEN INDIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 15 JULY 1959

AGREEMENT, dated July 15, 1959, between INDIA, acting by its President, (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Bank and the Borrower, which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,² the Bank has agreed to make to the Borrower a loan in various currencies in an aggregate principal amount equivalent to ten million dollars (\$10,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the payment of the principal, interest and other charges on such loan; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to guarantee the payment of the principal, interest and other charges on such loan;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank, dated June 15, 1956,³ subject, however, to the modifications thereof set forth in Schedule 2⁴ to the Loan Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein. The terms defined in Section 1.02 of said Loan Agreement shall have the same meanings herein as if such Section were fully set forth herein.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the Guarantor hereby un-

¹ Came into force on 11 December 1959, upon notification by the Bank to the Government of India.

² See p. 104 of this volume.

³ See p. 102 of this volume.

⁴ See p. 122 of this volume.

conditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of, and interest on the Bonds and the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, all as set forth in the Loan Agreement and in the Bonds.

Article III

Section 3.01. It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivision 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: (a) any lien created on property, 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 3.02. (a) The Guarantor and the Bank shall cooperate fully to assure that the purposes of the Loan shall 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 Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

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

Section 3.03. 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 Guarantor 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 levied 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 Guarantor.

Section 3.04. This Guarantee Agreement, the Loan Agreement and the Bonds shall be free from any taxes (including duties, fees or impositions) that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Section 3.05. 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 Guarantor or laws in effect in its territories.

Section 3.06. The Guarantor shall not amend the First Government Agreement or the Second Government Agreement without the approval of the Bank.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the Loan Agreement and of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. A Secretary to the Government of India in the Ministry of Finance is designated as the authorized representative of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

Article V

Section 5.01. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Guarantor :

The Secretary to the Government of India
Ministry of Finance
New Delhi
India

Alternative address for cablegrams and radiograms :

Finance Ministry
New Delhi

For the Bank :

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

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D. C.

Section 5.02. 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 Guarantee 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 M. C. CHAGLA
Authorized Representative

International Bank for Reconstruction and Development :

By Eugene R. BLACK
President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 JUNE 1956

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER THAN
MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 260, p. 376.*]

LOAN AGREEMENT
(SECOND INDUSTRIAL CREDIT AND INVESTMENT PROJECT)

AGREEMENT, dated July 15, 1959, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA LIMITED, a company duly incorporated under the Indian Companies Act 1913 (hereinafter called the Borrower).

WHEREAS by a loan agreement dated March 14, 1955,¹ between the Bank and the Borrower, the Bank made a loan to the Borrower in an amount in various currencies equivalent to ten million dollars (\$10,000,000), to finance part of the Borrower's program of providing credits to, and making other productive investments in, private enterprises in India;

WHEREAS pursuant to the First Government Agreement (as hereinafter defined) the Guarantor made an advance to the Borrower of seventy-five million rupees (Rs. 75,000,000) to assist the Borrower in said program;

WHEREAS the Government of India has agreed to further assist the Borrower by making available to the Borrower one hundred million rupees (Rs. 100,000,000) as a loan pursuant to the Second Government Agreement as hereinafter defined; and

WHEREAS the Borrower has requested the Bank to make a further loan for said program;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

LOAN REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated June 15, 1956,² subject, however, to the modifications thereof set forth in Schedule 2³ to this Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. The following terms as used herein shall have the following meanings unless the context otherwise requires :

(a) The term " Guarantor " means India acting by its President.

(b) The term " First Government Agreement " means the agreement dated January 29, 1955, entered into by the Guarantor and the Borrower providing for an advance by the Guarantor to the Borrower of seventy-five million rupees (Rs. 75,000,000), and shall include such changes in said agreement as may from time to time be agreed by the parties thereto and the Bank.

¹ United Nations, *Treaty Series*, Vol. 309, p. 138.

² See p. 102 of this volume.

³ See p. 122 of this volume.

(c) The term "Second Government Agreement" means the agreement to be entered into by the Guarantor and the Borrower providing for a loan by the Guarantor to the Borrower of one hundred million rupees (Rs. 100,000,000), and shall include such changes in said agreement as may from time to time be agreed by the parties thereto and by the Bank.

(d) The term "subsidiary" means a subsidiary of the Borrower within the meaning of the Indian Companies Act 1913 (or any amendment thereof).

(e) The term "rupees" and the letters "Rs." mean currency of the Guarantor. Words importing the singular number include the plural number and vice versa.

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, an amount in various currencies equivalent to ten million dollars (\$10,000,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower. The amount of the Loan shall be credited to the Loan Account as follows :

(a) When any investment project shall be approved by the Bank as in Section 3.02 provided, there shall be so credited an amount equal to the estimated foreign currency cost thereof as approved by the Bank. Except as the Bank and the Borrower shall otherwise agree, no amount shall be credited to the Loan Account pursuant to this sub-paragraph (a) for any investment project in respect of which any amount has been credited or withdrawn pursuant to sub-paragraph (b) of this Section.

(b) There shall be credited to the Loan Account such amounts not exceeding \$100,000 in respect of any one investment project as the Borrower shall from time to time request and such amounts may be withdrawn by the Borrower for expenditures on such investment project. Each request by the Borrower for credit to the Loan Account pursuant to this sub-paragraph (b) shall state the investment project for which the amount to be credited is requested. Except as the Bank and the Borrower shall otherwise agree, the amounts credited to the Loan Account pursuant to this sub-paragraph (b) shall not exceed in the aggregate \$1,000,000. No credit shall be made to the Loan Account, and no withdrawal shall be made therefrom, pursuant to this sub-paragraph (b) for any investment project in respect of which a credit has been made pursuant to sub-paragraph (a) of this Section.

(c) The Loan Account may, by agreement between the Bank and the Borrower, be reduced by any amount credited thereto pursuant to sub-paragraph (a) of this Section which will not be required for the investment project in respect of which it was so credited. By like agreement amounts credited or to be credited to the Loan Account pursuant to sub-paragraph (b) of this Section may be reduced. No such reduction shall be deemed *ipso facto* to be a cancellation of any part of the Loan.

Amounts credited to the Loan Account 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 and this Agreement.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the amount of each part of the Loan standing to the credit of the Borrower from time to time in the Loan Account. Such commitment charge shall accrue from the several dates on which amounts shall be credited to the Loan Account, or from such other date or dates as shall have been agreed upon between the Bank and the Borrower, to the respective dates on which (a) they are withdrawn from the Loan Account or are cancelled pursuant to Article V of the Loan Regulations or (b) the Loan Account is reduced in respect of such amounts pursuant to Section 2.02 (c) hereof.

Section 2.04. (a) The Borrower shall pay interest on each part of the principal amount of the Loan withdrawn from the Loan Account and outstanding from time to time at such rate as shall have been notified by the Bank to the Borrower at the time when such part of the principal amount of the Loan was credited to the Loan Account, or at such other time or times as shall have been agreed upon between the Bank and the Borrower, as being the rate then generally applicable to new Bank loans of the same type and maturity.

(b) Except as the Bank and the Borrower shall otherwise agree, amounts withdrawn from the Loan Account for an investment project shall be deemed to be withdrawn from the part of the Loan credited to the Loan Account in respect of such investment project.

Section 2.05. Except as the Bank and the Borrower 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 commitments outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on April 1 and October 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of each part of the Loan withdrawn from the Loan Account in proportion to, and in accordance with, the several maturities of the amortization schedule set forth in Schedule 1¹ to this Agreement; provided, however, that the Bank and the Borrower may agree, at the time when an amount is credited to the Loan Account pursuant to subparagraph (a) of Section 2.02 of this Agreement, to extend the amortization schedule for not more than four years in respect of the amount so credited to the Loan Account.

Article III

DESCRIPTION OF THE PROJECT; USE OF PROCEEDS OF THE LOAN

Section 3.01. The Project for which the Loan is granted is a program to contribute to the industrial development of India by providing credits for productive purposes to

¹ See p. 120 of this volume.

enterprises in India which are or will be controlled by private capital, and by making other productive investments in such enterprises, for specific development projects, all in accordance with the Memorandum and Articles of Association of the Borrower, as amended from time to time, and in furtherance of the corporate purposes of the Borrower as therein set forth. (Such enterprises are herein called "investment enterprises" and such specific development projects are herein called "investment projects").

Section 3.02. (a) The proceeds of the Loan shall be applied exclusively to the cost of goods required to carry out such investment projects as shall from time to time be approved in writing by the Bank or in respect of which amounts have been credited to the Loan Account pursuant to the provisions of sub-paragraph (b) of Section 2.02 of this Agreement. Notwithstanding the provisions of Section 4.01 of the Loan Regulations, except as the Bank and the Borrower shall otherwise agree, no withdrawals shall be made on account of expenditures made for any such investment project more than 90 days prior to the submission of the investment project to the Bank for approval or, in the case of credits to the Loan Account pursuant to sub-paragraph (b) of Section 2.02, prior to the request for credit to the Loan Account.

(b) Any amount credited to the Loan Account pursuant to sub-paragraph (a) of Section 2.02 of this Agreement shall be withdrawn by the Borrower and applied exclusively for credits for, or investments in, the investment project in respect of which such amount was credited to the Loan Account.

(c) Any amount credited to the Loan Account pursuant to sub-paragraph (b) of Section 2.02 of this Agreement shall be withdrawn by the Borrower and applied exclusively for loans for the investment project in respect of which such amount was credited to the Loan Account.

(d) Except as the Bank and the Borrower shall otherwise agree, requests for approval of investment projects pursuant to sub-paragraph (a) of Section 2.02 of this Agreement and for credits to the Loan Account pursuant to sub-paragraph (b) of said Section shall be submitted on or before December 31, 1961.

Section 3.03. (a) Whenever the Borrower shall desire to submit an investment project to the Bank for approval the Borrower shall submit to the Bank an application in such form as shall be agreed between the Bank and the Borrower. Such application shall contain a description of such investment project and such other information as the Bank shall reasonably request.

(b) Whenever the Borrower shall have requested an amount to be credited to the Loan Account in respect of an investment project pursuant to sub-paragraph (b) of Section 2.02 of this Agreement, the Borrower shall submit to the Bank, within 30 days from the date on which such amount was credited to the Loan Account, a brief description, in form satisfactory to the Bank, of such investment project and of the terms and conditions upon which credit has been granted by the Borrower for such investment project in respect of the amount so credited to the Loan Account.

Section 3.04. Any credit granted by the Borrower to, or other investment made by the Borrower in, an investment enterprise for an investment project to be financed out

of the proceeds of the Loan, shall be granted or made on terms whereby the Borrower shall obtain, by the written agreement of such investment enterprise or other appropriate legal means, rights adequate to protect the interests of the Borrower and the Bank, including the right to require such investment enterprise to carry out and operate the investment project with due diligence and efficiency and in accordance with sound engineering and financial standards, including the maintenance of adequate records; the right to require that the goods to be financed with the proceeds of the Loan shall be used exclusively in the carrying out of such investment project; the right of the Bank and the Borrower to inspect such goods and the sites, works and construction included in such investment project, the operation thereof and any relevant records and documents; the right to require that such investment enterprise shall take out and maintain such insurance, against such risks and in such amounts, as shall be consistent with sound business practice, and that, except as the Bank may otherwise agree, insurance covering marine and transit hazards on the goods financed out of the proceeds of the Loan shall be payable in dollars or in the currency in which the cost of the goods insured thereunder shall be payable; and the right to obtain all such information as the Bank and the Borrower shall reasonably request relating to the foregoing and to the financial condition and operations of such investment enterprise. Such rights shall include appropriate provision whereby further access by such enterprise to use of the proceeds of the Loan may be suspended or terminated by the Borrower upon failure by such investment enterprise to carry out the terms of such credit or other investment.

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. Any two Directors for the time being of the Borrower are hereby designated as authorized representatives of the Borrower for the purposes of Section 6.12(a) of the Loan Regulations. The foregoing shall be in addition to any other designation by the Borrower for such purpose.

Article V

PARTICULAR COVENANTS

Section 5.01. The Borrower shall carry out the Project and conduct its operations and affairs in accordance with sound financial and investment standards and practices, under the supervision of qualified and experienced management and in accordance with its Memorandum and Articles of Association, as amended from time to time.

Section 5.02. (a) The Borrower shall exercise its rights in relation to each investment project financed in whole or in part out of the proceeds of the Loan in such manner as to protect the interests of the Borrower and the Bank,

(b) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the investment enterprises, the investment projects and the financial condition and operations of the Borrower.

(c) The Borrower shall maintain records adequate to record the progress of the Project and of each investment project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the financial condition and operations of the Borrower. The Borrower shall enable the Bank's representatives to examine such records.

Section 5.03. (a) The Bank and the Borrower 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.

(b) The Bank and the Borrower 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 of substantial importance which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

Section 5.04. 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 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 banking transactions to secure a debt maturing not more than one year after its date.

Section 5.05. The Borrower shall pay or cause to be paid all taxes (including duties, fees or impositions), if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or registration of this Loan Agreement, the Guarantee Agreement¹ or the Bonds, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxes (including duties, fees or impositions) on 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 Guarantor.

Section 5.06. The Borrower shall pay or cause to be paid all taxes (including duties, fees and impositions), if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories

¹ See p. 96 of this volume.

of such country or countries on or in connection with the execution, issue, delivery or registration of this Loan Agreement, the Guarantee Agreement or the Bonds.

Section 5.07. The Borrower shall not amend its Memorandum or Articles of Association or abrogate, waive, or amend, or agree to the amendment of any provision of the First Government Agreement or the Second Government Agreement without the approval of the Bank.

Section 5.08. Without the approval of the Bank no payment shall be made to the Guarantor in respect of the advance under the First Government Agreement or of the loan under the Second Government Agreement, except at the times and in the amounts therein provided.

Section 5.09. The Borrower shall procure that each of its subsidiaries (if any) shall observe and perform the obligations of the Borrower hereunder to the extent to which the same may be applicable thereto as though such obligations were binding upon each of such subsidiaries.

Section 5.10. The Borrower shall duly perform all obligations to be performed by it under the First Government Agreement and the Second Government Agreement.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a), paragraph (b), paragraph (e), paragraph (f) or paragraph (j) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) 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 Loan Agreement or in the Bonds to the contrary notwithstanding.

Article VII

MODIFICATION OF LOAN AGREEMENT DATED MARCH 14, 1955

Section 7.01. For the purposes of the Loan Agreement dated March 14, 1955,¹ paragraph (c) of Section 5.02 of Loan Regulations No. 4 of the Bank, dated October 15, 1952,² is hereby amended to read as follows :

“(c) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the Loan Agreement, the Guarantee Agreement or the Bonds, or under the loan agreement dated July 15, 1959, between the Bank and the Borrower, the guarantee agreement of even date therewith or the bonds therein provided for.”

¹ United Nations, *Treaty Series*, Vol. 309, p. 138.

² United Nations, *Treaty Series*, Vol. 172, p. 124.

and the term " Loan Regulations " as used for the purposes of the said Loan Agreement shall mean Loan Regulations No. 4 of the Bank, dated October 15, 1952, as modified by Schedule 2¹ to said Loan Agreement and as further amended hereby.

Article VIII

EFFECTIVE DATE; TERMINATION

Section 8.01. The following event is specified as an additional condition to the effectiveness of this Loan Agreement within the meaning of Section 9.01 (a) (ii) of the Loan Regulations :

The Second Government Agreement in form and substance satisfactory to the Bank shall have been duly executed by the parties thereto.

Section 8.02. The following is specified as an additional matter within the meaning of Section 9.02 (e) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank, namely that the Second Government Agreement has been duly and validly executed and constitutes a valid and binding obligation of the parties thereto in accordance with its terms.

Section 8.03. A date 90 days after the date of this Loan Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Article IX

MISCELLANEOUS

Section 9.01. The Closing Date shall be September 30, 1962.

Section 9.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Bank :

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

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D. C.

For the Borrower :

The Industrial Credit and Investment Corporation of India Limited
Union Bank Building
Apollo Street
Bombay 1
India

Alternative address for cablegrams and radiograms :

Credcorp
Bombay, India

¹ United Nations, *Treaty Series*, Vol. 309, p. 152.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan 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.

International Bank for Reconstruction and Development :

By Eugene R. BLACK
President

The Industrial Credit and Investment Corporation of India Limited :

By H. T. PAREKH
Authorized Representative

SCHEDULE 1
AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>
October 1, 1962	\$538,000	October 1, 1966	\$681,000
April 1, 1963	554,000	April 1, 1967	702,000
October 1, 1963	570,000	October 1, 1967	723,000
April 1, 1964	587,000	April 1, 1968	744,000
October 1, 1964	605,000	October 1, 1968	767,000
April 1, 1965	623,000	April 1, 1969	790,000
October 1, 1965	642,000	October 1, 1969	813,000
April 1, 1966	661,000		

* 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 this column 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 two years before maturity	½%
More than two years but not more than four years before maturity	2%
More than four years but not more than six years before maturity	3 ½%
More than six years but not more than eight years before maturity	5%
More than eight years before maturity	6%

SCHEDULE 2

MODIFICATIONS OF LOAN REGULATIONS No. 4

For the purposes of this Agreement, the provisions of Loan Regulations No. 4 of the Bank, dated June 15, 1956, are modified as follows :

(a) The words " each part of " are inserted before the term " the Loan " in Sections 2.01, and paragraph 11 of Section 10.01.

(b) Section 2.02 is deleted.

(c) Section 2.03 is amended to read as follows :

" SECTION 2.03. *Interest.* Interest at the rate determined pursuant to Section 2.04 of the Loan Agreement shall be payable on each part of the principal amount of the Loan withdrawn from the Loan Account and outstanding from time to time. Interest shall accrue from the respective dates on which amounts shall be so withdrawn. "

(d) Sub-section (a) of Section 2.05 is deleted.

(e) The first sentence of sub-section (b) of Section 2.05 is amended to read as follows :

" (b) The Borrower shall have the right, upon payment of all accrued charges for interest and payment of the premium specified in the amortization schedule to the Loan Agreement, and upon not less than 45 days' notice to the Bank, to repay in advance of maturity (i) all of the principal amount of the Loan at the time outstanding; or (ii) all of the principal amount of any one or more maturities, provided that on the date of such prepayment there shall not be outstanding any part of the Loan maturing after the part to be prepaid; or (iii) in case of repayment in advance of maturity to the Borrower of the proceeds of a part of the Loan, an equivalent amount of such part of the Loan in inverse order of the maturities of such part of the Loan, and any excess shall be applied to the prepayment of such maturities of such other parts of the Loan then outstanding as the Bank shall determine. "

(f) The following new sub-section is added as sub-section (d) of Section 2.05 :

" (d) The Bank and the Borrower may from time to time agree upon arrangements for prepayment and the application thereof in addition to, or in substitution for, those set forth in the provisions of paragraph (b) of Section 2.05 and of Section 6.16. "

(g) The first five lines of Section 5.02 are amended to read as follows :

" SECTION 5.02. *Suspension by the Bank.* If any of the following events shall have happened and be continuing, the Bank may at any time or from time to time by notice to the Borrower suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account : "

(h) Sub-section (c) of Section 5.02 is amended to read as follows :

" (c) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the Loan Agreement, the Guarantee Agreement or the Bonds, or under the loan agreement dated March 14, 1955, between the Bank and the Borrower, the guarantee agreement of even date therewith or the bonds therein provided for. "

(i) Sub-section (j) of Section 5.02 is amended to read as follows :

“(j) The advance provided for in the First Government Agreement shall have become repayable pursuant to the provisions of Clause 7 thereof, or the loan provided for in the Second Government Agreement shall have become repayable under the provisions of a similar clause contained therein, or otherwise prior to the agreed maturity thereof, or an order is made or a resolution passed for the winding up of the Borrower.”

(j) The last paragraph of Section 5.02 is amended to read as follows :

“The right of the Borrower to make withdrawals from the Loan Account shall continue to be suspended in whole or in part, as the case may be, until the event or events which gave rise to such suspension shall have ceased to exist or until the Bank shall have notified the Borrower that the right to make withdrawals has been restored, whichever is the earlier; provided, however, that in the case of any such notice of restoration, the right to make withdrawals shall be restored only to the extent and subject to the conditions specified in such notice, and no such notice shall affect or impair any right, power or remedy of the Bank in respect of any other or subsequent event described in this Section.”

(k) Section 6.01 is amended by inserting the words “of each part” after the word “amount”.

(l) Section 6.02 is amended by substituting the words “the part of the Loan represented by such Bonds” for the words “the Loan”, wherever they occur.

(m) Section 6.04 is amended to read :

“SECTION 6.04. *Interest on Bonds; Service Charge.* Each Bond shall bear interest at such rate as the Bank shall request, not in excess, however, of the rate of interest on the part of the Loan represented by such Bond. If the rate of interest on any Bond shall be less than the rate of interest on the part of the Loan represented by such Bond, the Borrower shall, in addition to the interest payable on such Bond, pay to the Bank a service charge on the principal amount of such part of the Loan at a rate equal to the difference between the interest rate on such part of the Loan and the interest rate on such Bond. Such service charge shall be payable on the dates on which and in the currency in which such interest is payable.”

(n) Section 6.05 is amended to read as follows :

“SECTION 6.05. *Currency in Which Bonds Are Payable.* Each Bond shall be payable as to principal and interest in the several currencies in which the part of the Loan represented by such Bond is repayable. Each Bond delivered pursuant to any request under Section 6.03 shall be payable in such currency as the Bank shall specify in such request except that the aggregate principal amount of Bonds representing a part of the Loan and payable in any currency shall at no time exceed the outstanding amount of such part of the Loan repayable in such currency.”

(o) The last sentence of Section 6.09 is amended by inserting the words “of the part” after the word “amount”.

(p) The first sentence of sub-section (a) of Section 6.11 is amended to read as follows:

“ (a) Bonds representing a part of the Loan and bearing interest at one rate may be exchanged for Bonds bearing interest at any other rate not in excess of the rate of interest on such part of the Loan. ”

(q) Sub-section (b) of Section 6.16 is amended by substituting the words “ the part of the Loan represented by such Bond ” for the words “ the Loan ”.

(r) The following words in the fourth and fifth lines of sub-section (c) of Section 7.04 shall be deleted, that is to say :

“ or, if they shall not agree, by the Guarantor ”.

(s) Section 9.03 is amended to read as follows :

“ SECTION 9.03. *Effective Date.* Notwithstanding the provisions of Section 8.01, except as shall be otherwise agreed by the Bank and the Borrower, the Loan Agreement and the Guarantee Agreement shall come into force and effect on the date upon which the Bank dispatches to the Borrower and to the Guarantor notice of its acceptance of the evidence required by Section 9.01. ”

(t) Paragraph 6 of Section 10.01 is amended to read as follows :

“ 6. The term ‘ Borrower ’ means The Industrial Credit and Investment Corporation of India Limited. ”

(u) The first sentence of paragraph 13 of Section 10.01 is amended to read as follows :

“ The term ‘ goods ’ means equipment, supplies and services required for investment projects financed out of the proceeds of the Loan. ”

(v) Paragraph 14 of Section 10.01 is amended to read as follows :

“ 14. The term ‘ external debt ’ means any debt payable in any medium other than currency of the Guarantor, whether such debt is or may become payable absolutely or at the option of the creditor in such other medium. ”