

No. 5629

**CANADA  
and  
INDIA**

**Exchange of notes (with annex) constituting an agreement giving formal effect to the Statement of Principles agreed between the two countries for co-operative economic development of India. New Delhi, 10 September 1951**

*Official text: English.*

*Registered by Canada on 21 March 1961.*

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**CANADA  
et  
INDE**

**Échange de notes (avec annexe) constituant un accord mettant officiellement en vigueur la Déclaration de principes formulée d'un commun accord par les deux pays en vue du développement économique de l'Inde sur une base coopérative. New Delhi, 10 septembre 1951**

*Texte officiel anglais.*

*Enregistré par le Canada le 21 mars 1961.*

No. 5629. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup> BETWEEN CANADA AND INDIA GIVING FORMAL EFFECT TO THE STATEMENT OF PRINCIPLES AGREED BETWEEN THE TWO COUNTRIES FOR CO-OPERATIVE ECONOMIC DEVELOPMENT OF INDIA. NEW DELHI, 10 SEPTEMBER 1951

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I

*The Acting High Commissioner for Canada in India to the Secretary for Commonwealth Relations in the Ministry of External Affairs of India*

OFFICE OF THE HIGH COMMISSIONER

September 10, 1951

Sir :

I have the honour to refer to recent discussions between the officials of our two Governments concerning the Colombo Plan for Co-operative Economic Development in South and South-East Asia. The officials reached agreement on the general principles under which all Canadian assistance to the Government of India under the Plan should be made available.

As you know, it is the practice of the Parliament of Canada to vote funds on an annual basis and the amounts provided must be reviewed from year to year. For this year certain funds have been provided for the Colombo Plan and the Government of Canada now wishes to establish agreed principles to guide the activities of our respective governments in the furtherance of the Plan.

For this purpose I attach a "Statement of Principles agreed between the Government of Canada and the Government of India for Co-operative Economic Development of India."<sup>2</sup>

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<sup>1</sup> Came into force on 10 September 1951 by the exchange of the said notes.

<sup>2</sup> See p. 240 of this volume.

If the attached statement is agreeable to your Government, this note and your reply to that effect will constitute an agreement on this subject, effective from the date of your reply.

I have the honour to be, Sir  
Your obedient servant,

Richard GREW  
Acting High Commissioner

### COLOMBO PLAN

#### STATEMENT OF PRINCIPLES AGREED BETWEEN THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF INDIA FOR CO-OPERATIVE ECONOMIC DEVELOPMENT OF INDIA

The Governments of Canada and India, together with other governments, took part in London in 1950 in drawing up the Colombo Plan for Co-operative Economic Development in South and South-East Asia. The Governments of Canada and India now desire to co-operate for their mutual benefit, and in particular for the achievement of the purposes of the Colombo Plan, by promoting the economic development of India. Therefore the Governments of Canada and India now wish to establish agreed principles under which economic aid from Canada will be provided to India for the purposes of the Colombo Plan, and according to which supplementary agreements may be made to cover specific programmes.

The Governments of Canada and India agree to the establishment of the following principles :

1. All economic aid supplied by the Government of Canada to the Government of India under the Colombo Plan shall consist of goods and services in accordance with specific programmes agreed upon from time to time between the two governments. Similarly, agreement will be reached on the methods of procurement and transfer.

2. In order that Canadian aid may cover different types of projects, different forms of financing may be used; in particular, Canadian aid will be available on either a grant or a loan basis, depending on the nature of each specific programme and the uses to which the goods and services supplied under it are put.

3. The particular terms of each specific programme will be a matter for agreement between the two governments, subject to the following general provisions :

(a) *Grants*: In any specific programme under which goods financed by grants from the Canadian Government are sold or otherwise distributed to the Indian public "counter-part funds" will normally be set aside. The Indian Government will set up a special account for these funds and will keep separate records of the amounts placed in the account in connection with each specific programme. It will pay into this account the rupee equivalent of the Canadian expenditures on

goods and services supplied under any such programme. The Government of India will from time to time report to the Government of Canada the position of this account and will supply a certificate from the Comptroller and Auditor-General of India. The two Governments will from time to time agree on the economic development projects in India to be financed from this account.

- (b) *Loans*: For the specific programmes which are agreed to be appropriate for financing by means of loans the terms of the loans will be determined by the two Governments. These terms will relate primarily to the commercial character of the particular project in question, to its anticipated earnings, and to its anticipated effects on the foreign exchange position of India.

## II

*The Secretary to the Government of India to the Acting High Commissioner for  
Canada in India*

MINISTRY OF EXTERNAL AFFAIRS

New Delhi, September 10, 1951

Sir :

I have the honour to refer to your Note of today's date with which you have attached the "Statement of Principles agreed between the Government of Canada and the Government of India for Co-operative Economic Development of India". The Government of India agree that Canadian assistance to the Government of India under the Colombo Plan should be made available in accordance with this Statement of Principles. The Government of India also agree that your Note and this reply will constitute an agreement on this subject which will take effect from today.

Yours faithfully,

S. DUTT