

No. 6013

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

**Loan Agreement—*Sixth Railway Project* (with annexed
Loan Regulations No. 3). Signed at Washington, on
13 October 1961**

Official text: English.

*Registered by the International Bank for Reconstruction and Development on
20 December 1961.*

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

**Contrat d'emprunt — *Sixième projet relatif aux chemins de
fer* (avec, en annexe, le Règlement n° 3 sur les emprunts).
Signé à Washington, le 13 octobre 1961**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 20 décembre 1961.*

No. 6013. LOAN AGREEMENT¹ (*SIX THRAILWAY PROJECT*) BETWEEN INDIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 13 OCTOBER 1961

AGREEMENT, dated October 13, 1961, between INDIA, acting by its President (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961,² subject, however, to the modifications thereof set forth in Section 1.02 of this Agreement (said 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.

Section 1.02. Paragraph 5 of Section 10.01 of the Loan Regulations is amended to read as follows :

“ 5. The term ‘Borrower’ means India, acting by its President. ”

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 fifty million dollars (\$50,000,000).

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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.

¹ Came into force on 12 December 1961, upon notification by the Bank to the Government of India.

² See p. 16 of this volume.

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 principal amount of the Loan not so withdrawn from time to time.

Section 2.04. The Borrower shall pay interest at the rate of five and three-fourths per cent ($5\frac{3}{4}$ %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

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 commitments outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on February 15 and August 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 1¹ 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 financing the cost of goods required to carry out the Project described in Schedule 2² to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

Section 3.02. Except as the Borrower and the Bank shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be used in the territories of the Borrower exclusively in the carrying out of the Project.

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 is designated as the authorized representative of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

¹ See p. 14 of this volume.

² See p. 16 of this volume.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall cause the Project to be carried out, and the operations of the Railways owned and operated by it to be conducted, with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) Upon request from time to time by the Bank, the Borrower shall promptly furnish or cause to be furnished to the Bank the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall request.

(c) The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, and to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the agency or agencies of the Borrower responsible for the construction or operation of the Project or any part thereof; shall enable the Bank's representatives to inspect the Project, the goods, the railway property and equipment owned or operated by the Borrower and any relevant records and documents; and 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 and the goods, and the operations and financial condition of the agency or agencies of the Borrower responsible for the construction or operation of the Project or any part thereof.

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 interferes with, or threatens 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 shall enjoy any priority over the Loan by way of a lien on governmental 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 or of any of its political subdivisions or of any agency of the Borrower 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 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 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 Borrower.

Section 5.05. 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 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 or 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 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.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) 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 (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 Agreement or in the Bonds to the contrary notwithstanding.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be December 31, 1962 or such other date or dates as shall be agreed between the Borrower and the Bank as the Closing Date.

Section 7.02. A date sixty days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Section 7.03. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

The Secretary to the Government of India
Ministry of Finance, Department of Economic Affairs
New Delhi, India

Alternative address for cablegrams and radiograms :

Ecofairs
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 7.04. 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 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.

India :

By B. K. NEHRU

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>Date Payment Due</i> | <i>Payment of Principal (expressed in dollars) *</i> |
|-----------------------------|--|-----------------------------|--|
| February 15, 1965 | \$887,000 | August 15, 1973 | \$1,435,000 |
| August 15, 1965 | 912,000 | February 15, 1974 | 1,477,000 |
| February 15, 1966 | 938,000 | August 15, 1974 | 1,519,000 |
| August 15, 1966 | 965,000 | February 15, 1975 | 1,563,000 |
| February 15, 1967 | 993,000 | August 15, 1975 | 1,608,000 |
| August 15, 1967 | 1,021,000 | February 15, 1976 | 1,654,000 |
| February 15, 1968 | 1,051,000 | August 15, 1976 | 1,702,000 |
| August 15, 1968 | 1,081,000 | February 15, 1977 | 1,750,000 |
| February 15, 1969 | 1,112,000 | August 15, 1977 | 1,801,000 |
| August 15, 1969 | 1,144,000 | February 15, 1978 | 1,853,000 |
| February 15, 1970 | 1,177,000 | August 15, 1978 | 1,906,000 |
| August 15, 1970 | 1,211,000 | February 15, 1979 | 1,961,000 |
| February 15, 1971 | 1,246,000 | August 15, 1979 | 2,017,000 |
| August 15, 1971 | 1,282,000 | February 15, 1980 | 2,075,000 |
| February 15, 1972 | 1,318,000 | August 15, 1980 | 2,135,000 |
| August 15, 1972 | 1,356,000 | February 15, 1981 | 2,196,000 |
| February 15, 1973 | 1,395,000 | August 15, 1981 | 2,259,000 |

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), 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 three years before maturity | $\frac{1}{2}$ of 1% |
| More than three years but not more than six years before maturity | 1 $\frac{1}{2}$ % |
| More than six years but not more than eleven years before maturity | 2 $\frac{1}{2}$ % |
| More than eleven years but not more than sixteen years before maturity | 3 $\frac{1}{2}$ % |
| More than sixteen years but not more than eighteen years before maturity | 4 $\frac{3}{4}$ % |
| More than eighteen years before maturity | 5 $\frac{3}{4}$ % |

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project is the Program, which is included in the Borrower's Third Five-Year Plan, for the rehabilitation, modernization, expansion and increase in the capacity of, and more effective utilization of, the Railways owned and operated by the Borrower.

The part of the Project to be financed with the proceeds of the Loan is the acquisition, for use by the Borrower on its Railways, of locomotives, rolling stock, spare parts and other railway materials and equipment and services connected therewith, with the prime object of increasing, and improving the utilization of, the Borrower's railway freight haulage capacity.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 FEBRUARY 1961

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[Not published herein. See United Nations, Treaty Series, Vol. 414, p. 268]