

No. 6017

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
INDIA**

Development Credit Agreement—*Road Project* (with related letters and annexed Development Credit Regulations No. 1). Signed at Washington, on 21 June 1961

Official text: English.

Registered by the International Development Association on 22 December 1961.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
INDE**

**Contrat de crédit de développement — *Projet routier*
(avec lettres y relatives et, en annexe, le Règlement n° 1
sur les crédits de développement). Signé à Washington,
le 21 juin 1961**

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 22 décembre 1961.

No. 6017. DEVELOPMENT CREDIT AGREEMENT¹ (*ROAD PROJECT*) BETWEEN INDIA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 21 JUNE 1961

AGREEMENT dated June 21, 1961, between INDIA, acting by its President (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

Article I

CREDIT REGULATIONS; DEFINITION

Section 1.01. The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961,² subject, however, to the modification thereof set forth in Schedule 2³ to this Agreement (said Development Credit Regulations No. 1 as so modified being hereinafter called the Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. For the purposes of this Agreement the term "goods" as defined in paragraph 10 of Section 9.01 of the Regulations shall include any property required for the Project.

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in this Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to sixty million dollars (\$60,000,000).

Section 2.02. The Association shall open a Credit Account on its books in the name of the Borrower and shall credit to such Credit Account the amount of the Credit. The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Regulations.

Section 2.03. Except as the Borrower and the Association shall otherwise agree :

¹ Came into force on 25 August 1961, upon notification by the Association to the Government of India.

² See p. 78 of this volume.

³ See p. 72 of this volume.

(a) The Borrower shall be entitled, subject to the provisions of this Credit Agreement, to withdraw from the Credit Account : (i) the equivalent of a percentage or percentages to be established from time to time by agreement between the Borrower and the Association of such amounts as shall have been expended by the Borrower for the reasonable cost of goods required for carrying out part A of the Project; (ii) such amounts as shall have been otherwise expended for the reasonable cost of road building equipment required for carrying out part A of the Project and not included in the foregoing; (iii) such amounts as shall have been paid to consultants for their services on part B of the Project; and (iv) if the Association shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of the foregoing.

(b) Withdrawals from the Credit Account shall be in such freely convertible currency or currencies as the Association shall from time to time reasonably select.

(c) Notwithstanding the foregoing provisions of this Section or of the Regulations, no withdrawals shall be made on account of expenditures prior to April 1, 1961.

Section 2.04. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1 %) per annum on the principal amount of the Credit withdrawn and outstanding from time to time. The Borrower shall also pay to the Association a service charge at the same rate on the principal amount of any special commitment entered into by the Association pursuant to Section 4.02 of the Regulations.

Section 2.05. Service charges shall be payable semi-annually on February 15 and August 15 in each year.

Section 2.06. The Borrower shall repay the principal amount of the Credit in semi-annual instalments payable on each February 15 and August 15 commencing August 15, 1971 and ending February 15, 2011, each instalment to and including the instalment payable on February 15, 1981 to be $\frac{1}{2}$ of 1 % of such principal amount, and each instalment thereafter to be $1\frac{1}{2}$ % of such principal amount.

Article III

USE OF PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall cause the proceeds of the Credit to be applied exclusively to financing the cost of goods required to carry out parts A and B of the Project described in Schedule 1¹ to this Agreement. The specific goods to be financed out of the proceeds of the Credit and the methods and pro-

¹ See p. 72 of this volume.

cedures for procurement of such goods shall be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

Section 3.02. Except as the Borrower and the Association shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Credit to be used in the territories of the Borrower exclusively in the carrying out of parts A and B of the Project.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall cause the Project to be carried out and maintained with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) The list of roads to be included in part A of the Project shall be determined from time to time by agreement between the Borrower (acting through a Secretary to the Government of India in the Ministry of Transport and Communications) and the Association, subject to modification by further agreement between them.

(c) Except as the Association shall otherwise agree, in the carrying out of Part B of the Project the Borrower shall employ or cause to be employed engineering consultants acceptable to, and upon terms and conditions satisfactory to, the Borrower and the Association.

(d) Except as the Association shall otherwise agree, the Borrower shall cause the roads included in part A of the Project to be constructed or reconstructed by contractors satisfactory to the Borrower and the Association employed under contracts satisfactory to the Borrower and the Association.

(e) The general design standards and the type of surfacing (including pavement) to be used for the roads included in part A of the Project shall be as determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

(f) Upon request from time to time by the Association, the Borrower shall promptly furnish or cause to be furnished to the Association the plans, specifications and work schedules for part A of the Project and the progress and final reports for part B thereof and any material modifications subsequently made therein, in such detail as the Association shall request.

(g) The Borrower shall at all times make or cause to be made available promptly as needed all sums which shall be required for the carrying out of the Project.

(h) The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Credit, to disclose the use thereof in the Project, 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 with respect to the Project of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof; shall enable the Association's representatives to inspect the Project, the goods and any relevant records and documents; and shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the Project, and the goods, and the operations and financial condition with respect to the Project of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof.

Section 4.02. (a) The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit 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 Credit. 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 Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit and the maintenance of the service thereof. The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the maintenance of the service thereof.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

Section 4.03. The principal of, and service charges on, the Credit 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 and free from all restrictions imposed under the laws of the Borrower or laws in effect in its territories.

Section 4.04. This Agreement 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.

Article V

REMEDIES OF THE ASSOCIATION

Section 5.01. (i) If any event specified in paragraph (a) or paragraph (c) of Section 5.02 of the Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (b) of Section 5.02 of the Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower, then at any subsequent time the Association, at its option, may declare the principal of the Credit 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 to the contrary notwithstanding.

Article VI

MISCELLANEOUS

Section 6.01. The Closing Date shall be March 31, 1965, or such other date as may from time to time be agreed between the Borrower and the Association.

Section 6.02. The following addresses are specified for the purposes of Section 7.01 of the 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 Association :

International Development Association
1818 H Street, N.W.
Washington 25, D.C.
United States of America

Alternative address for cablegrams and radiograms :

Indevas
Washington, D.C.

Section 6.03. A Secretary to the Government of India in the Ministry of Finance is designated for the purposes of Section 7.03 of the Regulations.

Section 6.04. A date sixty days after the date of this Agreement is hereby specified for the purposes of Section 8.04 of the Regulations.

IN WITNESS WHEREOF the parties hereto acting through their representatives thereunto duly authorized, have caused this Development Credit 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 D. N. CHATTERJEE
Authorized Representative

International Development Association :

By J. Burke KNAPP
Vice President

SCHEDULE 1

DESCRIPTION OF THE PROJECT

The Project is a program, extending from April 1, 1961 to September 30, 1964, of construction and reconstruction of the National Highways of the Borrower and the Bombay expressways on which the Borrower will make expenditures of the order of \$120 million equivalent.

The part of the Project to be financed with the proceeds of the Credit consists of :

- A. Construction and reconstruction of about 660 miles (1050 kilometers) of National Highways and the Bombay Eastern Expressway, including about 19 major bridges of a length of over 30 meters or costing more than \$40,000 equivalent.
- B. A technical and economic study of the traffic problems of the City of Bombay with special reference to the expressways already under construction and the contemplated future expressways and highways in the area.

SCHEDULE 2

MODIFICATION OF DEVELOPMENT CREDIT REGULATIONS No. 1

For the purposes of this Agreement the provisions of Development Credit Regulations No. 1 of the Association, dated June 1, 1961, shall be deemed to be modified as follows :

Paragraph 5 of Section 9.01 shall read as follows :

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

LETTERS RELATING TO THE DEVELOPMENT CREDIT AGREEMENT

I

EMBASSY OF INDIA
WASHINGTON, D. C.

June 21, 1961

International Development Association
Washington 25, D. C.

Gentlemen :

We refer to the Development Credit Agreement (*Road Project*) of even date¹ between India and the Association and to Section 3.02 of the Regulations referred to therein. Pursuant to such Section, we hereby request your agreement as follows :

- i) Except as hereinafter provided, the principal amount of, and service charges on, the Credit provided for in such Agreement shall be payable in the currency of the United Kingdom of Great Britain and Northern Ireland (Pounds Sterling).
- (ii) If at any time the Association shall determine that such currency is not freely convertible or freely exchangeable by it for currencies of other members of the Association for the purposes of its operations, the Association shall so notify us and furnish us with a list of the currencies which, in the determination of the Association, are so convertible or so exchangeable.
- (iii) If within thirty days from the date of such notice the undersigned shall not have selected a specific currency or currencies from such list in which payment shall be made, then payment of such principal and service charges shall be made in a currency or currencies to be selected by the Association from such list.
- (iv) Any selection of a currency pursuant to (iii), shall be subject, in turn, to the provisions of (ii) and (iii) hereof.

Please indicate your agreement with the foregoing by signing the form of confirmation on the enclosed copy of this letter and returning it to us.

Very truly yours,

India :

By D. N. CHATTERJEE
Authorized Representative

Confirmed:
International Development
Association:
By J. Burke KNAPP

¹ See p. 62 of this volume.

II

EMBASSY OF INDIA
WASHINGTON, D. C.

June 21, 1961

International Development Association
Washington 25, D. C.

Gentlemen :

This is to confirm our agreement that the figure of 74% constitutes the percentage to be established at this time pursuant to Section 2.03 (a) (i) of the Credit Agreement (*Road Project*) of even date between India and the Association.

This figure of 74% is reflected in Category (a) of the List of Goods (Construction and reconstruction work on the roads included in part A of the Project¹) amounting to \$56.5 million, and represents the proportion of the presently estimated total construction and reconstruction costs of such roads which the Association is willing to finance under such Agreement. It is understood that such costs will include actual payments to contractors (or, if applicable, the cost of work executed by the Borrower's own forces) and certain payments for acquisition of land and rights-of-way plus agency and work charges which are customarily paid by the Borrower to the Public Works Departments in the several States for the preparation and supervision of the work in the field. Such percentage is intended, among other things, to permit the disbursement of the portion of the Credit set forth in Category (a) of the List of Goods as nearly as practicable in relation to the progress of expenditure on the Project throughout the period of construction.

We further confirm our understanding that whenever there should be a substantial change in such estimated costs we shall promptly inform the Association, and if either we or the Association shall so request, there shall be substituted a revised percentage thereafter to be used for purposes of the aforementioned clause, such revised percentage to be the percentage which the amount then remaining unexpended in such Category (a) of the List of Goods is of the then revised estimated construction and reconstruction costs remaining to be spent.

Please indicate your agreement with the foregoing by signing the form of confirmation on the enclosed copy of this letter and returning it to us.

Very truly yours,

India :

By D. N. CHATTERJEE
Authorized Representative

Confirmed:

International Development Association
By J. Burke KNAPP

¹ See p. 72 of this volume.

INTERNATIONAL DEVELOPMENT ASSOCIATION

DEVELOPMENT CREDIT REGULATIONS No. 1, DATED 1 JUNE 1961

REGULATIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS WITH MEMBER
GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 415, p. 68*]
