

No. 6018

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
INDIA**

Development Credit Agreement—*Uttar Pradesh Tubewell Irrigation Project* (with related letters, annexed Development Credit Regulations No. 1 and Project Agreement between the Association and the State of Uttar Pradesh). Signed at Washington, on 6 September 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 d'irrigation par puits-tubes dans l'Uttar Pradesh* (avec lettres y relatives et, en annexe, le Règlement n° 1 sur les crédits de développement et le Contrat relatif au Projet entre l'Association et l'État d'Uttar Pradesh). Signé à Washington, le 6 septembre 1961

Texte officiel anglais.

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

No. 6018. DEVELOPMENT CREDIT AGREEMENT¹ (*UTTAR PRADESH TUBEWELL IRRIGATION PROJECT*) BETWEEN INDIA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 6 SEPTEMBER 1961

AGREEMENT, dated September 6, 1961, between INDIA, acting by its President (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower and the State of Uttar Pradesh have requested the Association to assist in the financing of the Uttar Pradesh tubewell irrigation project in the State of Uttar Pradesh;

WHEREAS the State of Uttar Pradesh will, with the Borrower's assistance, carry out the Uttar Pradesh tubewell irrigation project, and, as part of such assistance, the Borrower will make available to the State the proceeds of the credit provided for herein; and

WHEREAS the Association is willing to make a development credit available on the terms and conditions provided herein and in a project agreement of even date² herewith between the State of Uttar Pradesh and the Association ;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

CREDIT REGULATIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961², subject, however, to the modifications thereof set forth in Section 1.02 of 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. (a) Paragraph 5 of Section 9.01 of the Regulations is amended to read as follows :

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

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

² See p. 98 of this volume.

(b) Section 6.02 is amended by inserting the words “ or the Project Agreement ” after the words “ the Development Credit Agreement. ”

(c) 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.

Section 1.03. Unless the context otherwise requires, the following terms, wherever used in this Agreement or in the Regulations, shall have the following meanings :

(a) “ Uttar Pradesh ” means the State of Uttar Pradesh, a state of India, or any successor thereof.

(b) “ Project Agreement ” means the project agreement of even date herewith between Uttar Pradesh and the Association and shall include any amendments thereof made by agreement between Uttar Pradesh and the Association.

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 six million dollars (\$6,000,000).

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 withdraw from the Credit Account as provided in, and subject to the rights of cancellation and suspensions set forth in, this Agreement and the Regulations.

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

(a) The Borrower shall be entitled, subject to the provisions of this 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 the Project; (ii) such amounts as shall have been otherwise expended for the reasonable cost of goods required for carrying out the Project and not included in the foregoing; and (iii) 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 204. 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 May 1 and November 1 in each year.

Section 2.06. The Borrower shall repay the principal amount of the Credit in semi-annual instalments payable on each May 1 and November 1 commencing November 1, 1971, and ending May 1, 2011, each instalment to and including the instalment payable on May 1, 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 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 procedures 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 the Project and, upon completion of the Project, for tubewell irrigation purposes.

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, agricultural and financial practices.

¹ See p. 92 of this volume.

(b) The Borrower shall take or cause to be taken all action which shall be necessary on its part to enable Uttar Pradesh to perform all the covenants and agreements on the part of Uttar Pradesh to be performed as set forth in the Project Agreement.

(c) The Borrower shall make or cause to be made available promptly as needed all sums which shall be required for the carrying out of the Project, all such sums to be made available on terms and conditions satisfactory to the Borrower and the Association.

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 or referred to in paragraph (b) or paragraph (j) 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.

Section 5.02. For the purposes of Section 5.02 (j) of the Regulations, the following additional event is specified: Uttar Pradesh shall have failed to perform any covenant or agreement of Uttar Pradesh under the Project Agreement.

Article VI

EFFECTIVE DATE; TERMINATION

Section 6.01. The following events are specified for the purposes of Section 8.01 (b) of the Regulations:

(a) The execution and delivery of the Project Agreement on behalf of Uttar Pradesh has been duly authorized or ratified by all necessary governmental action.

(b) Except as the Association may otherwise agree, all necessary acts, consents and approvals to be performed or given by the Borrower and Uttar Pradesh or otherwise in order to authorize the carrying out of the Project, with all necessary powers and rights in connection therewith, have been performed or given.

Section 6.02. The following are specified as additional matters, within the meaning of Section 8.02 (b) of the Regulations, to be included in the opinion or opinions to be furnished to the Association:

(a) That the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, Uttar Pradesh and constitutes a valid and binding obligation of Uttar Pradesh in accordance with its terms.

(b) That all acts, consents and approvals of the Borrower and Uttar Pradesh or otherwise to be performed or given in order to authorize the construction of the Project, with all necessary powers and rights in connection therewith, have been duly and validly performed or given.

Section 6.03. A date ninety days after the date of this Agreement is hereby specified for the purposes of Section 8.04 of the Regulations.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be March 31, 1964 or such other date as may from time to time be agreed between the Borrower and the Association.

Section 7.02. 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 7.03. A Secretary to the Government of India in the Ministry of Finance is designated for the purposes of Section 7.03 of the Regulations.

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 W. A. B. ILIFF
Vice President

SCHEDULE 1

DESCRIPTION OF THE PROJECT

A. The Project is a program, extending from April 1, 1961, to March 31, 1964, of tubewell irrigation development in Uttar Pradesh designed to provide irrigation water to about 320,000 acres of agricultural land in Uttar Pradesh.

B. The Project includes the drilling and equipping of about 800 tubewells, about 530 of which will be of the slotted-pipe type and about 270 of the strainer type. Each tubewell will have a capacity of about 1.5 cubic feet per second; and will be equipped with pumps driven by electric or diesel motors. The electric motors will be connected with the power system of the Electricity Board of Uttar Pradesh and run with power therefrom. For each tubewell there will be provided about 2 miles of canal construction, complete with measuring devices, syphons and related structures.

C. The Project also includes the necessary technical assistance to farmers in the Project area and extension services required for the Project, including a training program designed, among other things, to acquaint the farmers with the advantages of using tubewell irrigation water. This part of the Project will not be financed out of the proceeds of the Credit.

LETTERS RELATING TO THE DEVELOPMENT CREDIT AGREEMENT

I

EMBASSY OF INDIA
WASHINGTON, D. C.

September 6, 1961

International Development Association
Washington 25, D. C.

Gentlemen :

We refer to the Development Credit Agreement (*Uttar Pradesh Tubewell Irrigation Project*) of even date¹ between India and the International Development 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.

¹ See p. 82 of this volume.

- (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 W. A. B. ILIFF

II

EMBASSY OF INDIA
WASHINGTON, D. C.

September 6, 1961

International Development Association
Washington 25, D. C.

Gentlemen :

This is to confirm our agreement that the figure of 44% constitutes the percentage to be established at this time pursuant to Section 2.03 (a) (i) of the Credit Agreement (*Uttar Pradesh Tubewell Irrigation Project*) of even date between India and the Association.

This figure of 44% is reflected in Category C of the List of Goods (Drilling work and installation of tubewells; connection of motors with power system; construction of canals; pumps, motors and other ancillary equipment; other property) amounting to \$4.7 million, and represents the proportion of the presently estimated total cost of the goods provided for in such Category C which the Association is willing to finance under such Agreement. Such percentage is intended, among other things, to permit the disbursement of the portion of the Credit set forth in Category C 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 C of the List of Goods is of the then revised estimated cost of such goods 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 W. A. B. ILIFF

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*]

PROJECT AGREEMENT

(UTTAR PRADESH TUBEWELL IRRIGATION PROJECT)

AGREEMENT, dated September 6, 1961, between the STATE OF UTTAR PRADESH, acting by its Governor (hereinafter called Uttar Pradesh) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS by a development credit agreement of even date¹ herewith (hereinafter called the Credit Agreement) between India (hereinafter called the Borrower) and the Association, the Association has agreed to make available to the Borrower a development credit in various currencies equivalent to six million dollars (\$6,000,000), on the terms and conditions set forth in the Credit Agreement, but only on condition that Uttar Pradesh agree to undertake certain obligations to the Association as hereinafter in this Project Agreement set forth; and

WHEREAS Uttar Pradesh, in consideration of the Association's entering into the Credit Agreement with the Borrower, has agreed to undertake the obligations hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows :

¹ See p. 82 of this volume.

Article I

DEFINITIONS

Section 1.01. Wherever used in this Project Agreement, unless the context shall otherwise require, the several terms defined in the Credit Agreement and in the Regulations¹ (as so defined) shall have the respective meanings therein set forth.

Article II

PARTICULAR COVENANTS OF UTTAR PRADESH

Section 2.01. (a) Uttar Pradesh shall carry out and operate the Project with due diligence and efficiency and in conformity with sound engineering, agricultural and financial standards and practices.

(b) Uttar Pradesh shall make available promptly as needed all sums which shall be required for the carrying out and operation of the Project.

Section 2.02. (a) Uttar Pradesh shall exercise every right and recourse available to it to cause to be taken all such action as shall be required to assure that no use, other than for domestic uses, will reduce the amounts of water available for irrigation purposes on the Project below the amounts needed therefor.

(b) Uttar Pradesh shall take all such action as shall be required to assure that the land included in the Project and the water made available therefor are to the maximum extent possible fully, effectively and promptly utilized.

(c) Uttar Pradesh shall cause all works and facilities included in the Project to be adequately maintained and repaired in accordance with sound engineering and agricultural practices and standards and shall cause all irrigation and electric power works and facilities not included in the Project but necessary to the proper and efficient operation thereof to be operated and adequately maintained and repaired in accordance with such practices and standards.

Section 2.03. (a) Uttar Pradesh shall, from time to time, make arrangements with the users of irrigation waters within the area of the Project, providing for the repayment by such users, on reasonable terms and conditions, of the moneys invested by Uttar Pradesh in the Project.

(b) Uttar Pradesh shall cause the water rates charged for operation and maintenance of the Project to be set and maintained at levels necessary to provide revenues sufficient to cover all operating and maintenance costs of the Project.

Section 2.04. (a) Upon request from time to time by the Association, Uttar Pradesh shall promptly furnish or cause to be furnished to the Association the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Association shall request.

(b) Uttar Pradesh 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

¹See p. 98 of this volume.

in the Project, to record the progress of the Project (including the cost thereof), to show the results achieved by irrigation of the land included in the Project 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 Uttar Pradesh 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 Uttar Pradesh responsible for the carrying out of the Project or any part thereof.

Section 2.05. (a) Uttar Pradesh 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.

(b) Uttar Pradesh and the Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit. Uttar Pradesh 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 performance by Uttar Pradesh of its obligations under this Project Agreement or the obligations to be performed by it pursuant to the provisions of the Credit Agreement, or which shall increase or threaten to increase materially the estimated cost of the Project.

Section 2.06. (a) Except as shall be otherwise agreed by Uttar Pradesh and the Association (i) Uttar Pradesh shall cause all goods purchased with the proceeds of the Credit to be used in the territories of the Borrower exclusively in the carrying out of the Project and, after the completion of the Project, for tubewell irrigation purposes and (ii) Uttar Pradesh shall obtain title to all such goods free and clear of all encumbrances.

(b) Uttar Pradesh shall not, without the prior consent of the Association, sell or otherwise dispose of any goods purchased or paid for out of the proceeds of the Credit.

Section 2.07. Uttar Pradesh shall satisfy the Association that adequate arrangements have been made to insure the goods financed out of the proceeds of the Credit against risks incident to their purchase and importation into the territories of the Borrower.

Article III

EFFECTIVE DATE; TERMINATION

Section 3.01. This Project Agreement shall come into force and effect on the Effective Date. If, pursuant to Section 8.04 of the Regulations, the Association shall terminate the Credit Agreement, the Association shall promptly notify Uttar Pradesh thereof and upon the giving of such notice, this Project Agreement and all obligations of the parties hereunder shall forthwith cease and determine.

Section 3.02. If and when the entire principal amount of the Credit shall have been paid or caused to be paid by the Borrower (or shall have been cancelled), together

with service charges which shall have accrued on the Credit, this Project Agreement and all obligations of Uttar Pradesh and of the Association hereunder shall forthwith terminate.

Article IV

MISCELLANEOUS PROVISIONS

Section 4.01. Any notice, demand or request required or permitted to be given or made under this Project Agreement and any agreement between the parties contemplated by this Project Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable or radiogram to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are :

(a) For Uttar Pradesh :

The Secretary
Irrigation Department
Lucknow, State of Uttar Pradesh
India

Alternative address for cablegrams and radiograms :

Sinchan
Lucknow, Uttar Pradesh
India

(b) 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 4.02. Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement on behalf of Uttar Pradesh may be taken or executed by a Secretary to the Government of Uttar Pradesh in the Irrigation Department or such other person or persons as Uttar Pradesh shall designate in writing.

Section 4.03. Uttar Pradesh shall furnish to the Association sufficient evidence of the authority of the person or persons who will, on behalf of Uttar Pradesh, take any action or execute any documents required or permitted to be taken or executed by Uttar Pradesh pursuant to any of the provisions of this Project Agreement and the authenticated specimen signature of each such person.

Section 4.04. This Project Agreement may be executed in several counterparts, each of which shall be an original and all collectively but one instrument.

IN WITNESS WHEREOF the parties hereto have caused this Project Agreement to be signed in their respective names by their representatives thereunto duly authorized and delivered in the District of Columbia, United States of America, as of the day and year first above written.

The State of Uttar Pradesh :

By D. N. CHATTERJEE
Authorized Representative

International Development Association :

By W. A. B. ILIFF
Vice President
