

No. 6144

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
INDIA**

Development Credit Agreement—*Punjab Flood Protection and Drainage Project* (with related letter, annexed Development Credit Regulations No. 1 and Project Agreement between the Association and the State of Punjab). Signed at Washington, on 22 November 1961

Official text: English.

Registered by the International Development Association on 8 May 1962.

**ASSOCIATION INTERNATIONALE DE
DÉVELOPPEMENT
et
INDE**

Contrat de crédit de développement — *Projet de protection contre les inondations et de drainage au Pendjab* (avec lettre y relative et, en annexe, le Règlement n^o 1 sur les crédits de développement et le Contrat relatif au Projet entre l'Association et l'État du Pendjab). Signé à Washington, le 22 novembre 1961

Texte officiel anglais

Enregistré par l'Association internationale de développement le 8 mai 1962.

No. 6144. DEVELOPMENT CREDIT AGREEMENT¹ (*PUNJAB FLOOD PROTECTION AND DRAINAGE PROJECT*) BETWEEN INDIA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 22 NOVEMBER 1961

AGREEMENT, dated November 22, 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 Punjab have requested the Association to assist in the financing of the Punjab flood protection and drainage project in the State of Punjab ;

WHEREAS the State of Punjab will, with the Borrower's assistance, carry out the Punjab flood protection and drainage 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 Punjab 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, 1961,² with the same force and effect as if they were fully set forth herein subject, however, to the following modifications thereof (said Development Credit Regulation No. 1 as so modified being hereinafter called the Regulations) :

(a) Paragraph 5 of Section 9.01 is amended to read as follows :

"5. The term 'Borrower' means India, acting by its President."

¹ Came into force on 3 February 1962, upon notification by the Association to the Government of India.

² See p. 18 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 shall include any property required for the Project.

Section 1.02. Unless the context otherwise requires, the following terms, wherever used in this Agreement or in the Regulations shall have the following meanings :

(a) "Punjab" means the State of Punjab, a state of India, or any successor thereof.

(b) "Project Agreement" means the project agreement of even date herewith between Punjab and the Association and shall include any amendments thereof made by agreement between Punjab 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 ten million dollars (\$10,000,000).

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 Association shall otherwise agree, the Borrower shall be entitled, subject to the provisions of this Agreement to withdraw from the Credit Account :

(a) such amounts as shall have been expended for the reasonable foreign currency cost of goods required for carrying out the Project ;

(b) 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 for the reasonable cost of goods required for carrying out the Project and not included in the foregoing ;

(c) if the Association shall so agree, such amounts as shall be required by the Borrower to meet payments under each of the foregoing paragraphs ;
provided, however, that no withdrawals shall be made on account of expenditures prior to April 1, 1961.

Section 2.04. Withdrawals from the Credit Account shall be in such freely convertible currency or currencies as the Association shall from time to time reasonably select.

Section 2.05. 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 and outstanding from time to time.

Section 2.06. Service charges shall be payable semi-annually on May 15 and November 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semi-annual instalments payable on each May 15 and November 15 commencing May 15, 1972, and ending November 15, 2011, each instalment to and including the instalment payable on November 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 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.

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, and taking into consideration, among other things, the restoration of agricultural production in the land intended to be benefited thereby.

(b) The Borrower shall take or cause to be taken all action which shall be necessary on its part to enable Punjab to perform all the covenants and agreements on the part of Punjab to be performed as set forth in the Project Agreement and shall not

¹ See p. 16 of this volume.

take any action that would interfere with the performance by Punjab of such covenants and agreements.

(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, and free from all restrictions, imposed under the laws of the Borrower or laws in effect in its territories.

Section 4.04. This Agreement and the Project Agreement shall be free from any taxes 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 : Punjab shall have failed to perform any covenant or agreement of Punjab under the Project Agreement.

Article VI

EFFECTIVE DATE ; TERMINATION

Section 6.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 8.01 (*b*) of the Regulations :

(*a*) The execution and delivery of the Project Agreement on behalf of Punjab have 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 Punjab 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, Punjab and constitutes a valid and binding obligation of Punjab in accordance with its terms.

(*b*) That all acts, consents and approvals of the Borrower and Punjab 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 September 30, 1966, 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 B. K. NEHRU
Authorized Representative

International Development Association :

By W. A. B. ILIFF
Vice President

SCHEDULE 1

DESCRIPTION OF THE PROJECT

The Project, which is part of the Borrower's Third Five-Year Plan for Punjab, is designed to provide flood protection and surface drainage in an area of about 8 million acres in the Bist-Doab, Sirhind-Ferozepur, Ghaggar and Western Jumna Canal Tracts of Punjab, in order, among other things, to restore agricultural production in certain parts thereof.

The Project includes :

A. *Flood Protection Works.* The construction of about seventeen miles of embankments and other flood protection works along the banks of the Rivers Beas, Sutlej, Jumna and Ghaggar.

B. *Drainage Ways.* The excavation of about 1,900 miles of new drainage ways with a capacity of about two cubic feet per second per square mile of catchment area ; excavation of about 100 miles of new drainage ways with a capacity designed to pass daily about one-sixth of the maximum calculated runoff of rainfall ; the enlargement of about 300 miles of drainage ways to a capacity designed to pass daily about one-sixth of the maximum calculated runoff of rainfall ; and canalization and training of about 50 miles of choes and nallahs. The drainage ways will include arterial and district road bridges and important village road bridges, syphons, regulators, and related structures.

C. *Technical Assistance.* The provision of necessary technical assistance to farmers to assist them in the planning and excavation of field drains.

It is expected that parts A and B above will be completed and in operation by March 31, 1966.

LETTER RELATING TO THE CREDIT DEVELOPMENT AGREEMENT

EMBASSY OF INDIA
WASHINGTON, D. C.

November 22, 1961

International Development Association
Washington 25, D.C.

Gentlemen :

We refer to the Development Credit Agreement (Punjab Flood Protection and Drainage 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 :

¹ See p. 4 of this volume.

- (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 B. K. NEHRU
Authorized Representative

Confirmed :
International Development
Association :
By Joseph RUCINSKI

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

(*PUNJAB FLOOD PROTECTION AND DRAINAGE PROJECT*)

AGREEMENT, dated November 22, 1961, between the STATE OF PUNJAB, acting by its Governor (hereinafter called Punjab) and INTERNATIONAL DEVELOPMENT ASSOCIATION (herein after 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 ten million dollars (\$10,000,000), on the terms and conditions set forth in the Credit Agreement, but only on condition that Punjab agree to undertake certain obligations to the Association as hereinafter in this Project Agreement set forth ; and

WHEREAS Punjab, 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 :

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 Regulations² (as so defined) shall have the respective meanings therein set forth.

Article II

PARTICULAR COVENANTS OF PUNJAB

Section 2.01. (a) Punjab shall carry out and operate the Project with due diligence and efficiency and in conformity with sound engineering and financial standards and practices, and taking into consideration, among other things, the restoration of agricultural production in the land intended to be benefited thereby.

(b) Punjab 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) Punjab shall take all such action as shall be required to assure that the land intended to be restored to agricultural production by the Project shall, to the maximum extent possible, be so restored fully, effectively and promptly.

(b) Punjab shall cause all works and facilities included in the Project to be adequately maintained and repaired in accordance with sound engineering practices and standards and shall cause all 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) Upon request from time to time by the Association, Punjab 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.

¹ See p. 4 of this volume.

² See p. 18 of this volume.

(b) Punjab 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), to show the results achieved by 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 Punjab responsible for the carrying out of the Project or any part thereof ; shall enable the Association 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 Punjab responsible for the carrying out of the Project or any part thereof.

Section 2.04. (a) Punjab 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) Punjab and the Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit. Punjab 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 Punjab 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 2.05. (a) Except as shall be otherwise agreed by Punjab and the Association : (i) Punjab 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 (ii) Punjab shall obtain title to all such goods free and clear of all encumbrances.

(b) Punjab 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 2.06. Punjab 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 Punjab 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 Punjab and of the Association hereunder shall forthwith terminate.

Article IV

MISCELLANEOUS PROVISIONS

Section 4.01. Any notice 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 Punjab :

Secretary to the Government of Punjab
Irrigation and Power Departments
Chandigarh Capital, Punjab

Alternative address for cablegrams and radiograms :

Chiefsec
Chandigarh, 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 Punjab may be taken or executed by a Secretary to the Government of Punjab in the Irrigation and Power Departments or such other person or persons as Punjab shall designate in writing.

Section 4.03. Punjab shall furnish to the Association sufficient evidence of the authority of the person or persons who will, on behalf of Punjab, take any action or execute any documents required or permitted to be taken or executed by Punjab 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.

State of Punjab :

By M. R. SACHDEV

Authorized Representative

International Development Association :

By W. A. B. ILIFF

Vice President
