

No. 6626

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**UNITED STATES OF AMERICA  
and  
INDIA**

**Agricultural Commodities Agreement under Title I of the  
Agricultural Trade Development and Assistance Act, as  
amended (with exchange of notes). Signed at  
Washington, on 30 November 1962**

*Official text: English.*

*Registered by the United States of America on 16 April 1963.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
INDE**

**Accord relatif aux produits agricoles, conclu dans le cadre  
du titre I de la loi tendant à développer et à favoriser  
le commerce agricole, telle qu'elle a été modifiée (avec  
échange de notes). Signé à Washington, le 30 novembre  
1962**

*Texte officiel anglais.*

*Enregistré par les États-Unis d'Amérique le 16 avril 1963.*

No. 6626. AGRICULTURAL COMMODITIES AGREEMENT<sup>1</sup>  
BETWEEN THE GOVERNMENT OF THE UNITED  
STATES OF AMERICA AND THE GOVERNMENT OF  
INDIA UNDER TITLE I OF THE AGRICULTURAL  
TRADE DEVELOPMENT AND ASSISTANCE ACT, AS  
AMENDED. SIGNED AT WASHINGTON, ON 30 NO-  
VEMBER 1962

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The Government of the United States of America and the Government of India;

Recognizing the desirability of expanding trade in agricultural commodities between their two countries and with other friendly nations in a manner which would not displace usual marketings of the United States of America in these commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

Considering that the purchase for Indian rupees of agricultural commodities produced in the United States of America will assist in achieving such an expansion of trade;

Considering that the Indian rupees accruing from such purchase will be utilized in a manner beneficial to both countries;

Desiring to set forth the understandings which will govern the sales, as specified below, of agricultural commodities to India pursuant to Title I of the Agricultural Trade Development and Assistance Act, as amended (hereinafter referred to as the Act), and the measures which the two Governments will take individually and collectively in furthering the expansion of trade in such commodities;

Have agreed as follows :

*Article I*

SALES FOR INDIAN RUPEES

1. Subject to issuance by the Government of the United States of America and acceptance by the Government of India of purchase authorizations and to the availability of commodities under the Act at the time of exportation, the Government of the United States of America undertakes to finance the sales

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<sup>1</sup> Came into force on 30 November 1962, upon signature, in accordance with article VI.

for rupees, to purchasers authorized by the Government of India, of the following agricultural commodities in the amounts indicated :

<i>Commodity</i>	<i>Export Market Value</i>
Evaporated milk . . . . .	\$4,118,000
Processed cheese . . . . .	76,000
Nonfat dried milk . . . . .	71,000
Whole milk powder . . . . .	273,000
Canned fruit cocktail and/or canned peaches . . . . .	99,000
Ocean transportation (Estimated) . . . . .	466,000
	TOTAL \$5,103,000

2. Applications for purchase authorizations will be made within 90 calendar days of the effective date of this Agreement, except that applications for purchase authorizations for any additional commodities or amounts of commodities provided for in any amendment to this Agreement will be made within 90 days after the effective date of such amendment. Purchase authorizations will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of rupees accruing from such sale, and other relevant matters.

3. The financing, sale and delivery of commodities under this Agreement may be terminated by either Government if that Government determines that because of changed conditions the continuation of such financing, sale or delivery is unnecessary or undesirable.

## *Article II*

### USES OF RUPEES

The rupees accruing to the Government of the United States of America as a consequence of sales made pursuant to this Agreement will be used by the Government of the United States of America, in such manner and order of priority as the Government of the United States of America shall determine, for the following purposes, in the amounts shown;

A. For United States expenditure under subsections (a), (b), (d), (e), (f) and (h) through (r) of Section 104 of the Act, or under any of such subsections, fifteen percent of the rupees accruing pursuant to this Agreement.

B. For a loan to the Government of India under Section 104 (g) of the Act for financing such projects to promote economic development as may be mutually agreed, eighty-five percent of the rupees accruing pursuant to this Agreement. The terms and conditions of the loan and other provisions will be set forth in a separate loan agreement. In the event that agreement is not reached

on the use of the rupees for loan purposes within three years from the date of this Agreement, the Government of the United States of America may use the rupees for any purpose authorized by Section 104 of the Act.

### *Article III*

#### DEPOSIT OF RUPEES

1. The amount of rupees to be deposited to the account of the Government of the United States of America shall be the equivalent of the dollar sales value of the commodities and ocean transportation costs reimbursed or financed by the Government of the United States of America (except excess costs resulting from the requirement that United States flag vessels be used) converted into rupees, as follows :

- (a) at the rate for dollar exchange applicable to commercial import transactions on the dates of dollar disbursements by the United States, provided that a unitary exchange rate applying to all foreign exchange transactions is maintained by the Government of India, or
- (b) if more than one legal rate for foreign exchange transactions exists, at a rate of exchange to be mutually agreed upon from time to time between the Government of the United States of America and the Government of India.

2. In the event that a subsequent Agricultural Commodities Agreement or Agreements should be signed by the two Governments under the Act, any refunds of rupees which may be due or become due under this Agreement more than two years from the effective date of this Agreement would be made by the Government of the United States of America from funds available from the most recent Agricultural Commodities Agreement in effect at the time of the refund.

### *Article IV*

#### GENERAL UNDERTAKINGS

1. The Government of India will take all possible measures to prevent the resale or transshipment to other countries or the use for other than the Indian Armed Forces (except where such resale, transshipment or use is specifically approved by the Government of the United States of America) of the agricultural commodities purchased pursuant to the provisions of this Agreement, and to assure that the purchase of such commodities does not result in increased availability of these or like commodities for export from India.

2. The two Governments will take reasonable precautions to assure that sales or purchases of agricultural commodities pursuant to this Agreement will not displace usual marketings of the United States of America in these commod-

ties or unduly disrupt world prices of agricultural commodities or materially impair trade relations among countries of the free world.

3. In carrying out this Agreement, the two Governments will seek to assure conditions of commerce permitting private traders to function effectively and will use their best endeavors to develop and expand continuous market demand for agricultural commodities.

4. The Government of India will furnish, upon request of the Government of the United States of America, information on the progress of the program, particularly with respect to the arrival and condition of commodities, and information relating to exports of the same or like commodities.

#### *Article V*

##### CONSULTATION

The two Governments will, upon request of either of them, consult regarding any matters relating to the application of this Agreement, or to the operation of arrangements carried out pursuant to this Agreement.

#### *Article VI*

##### ENTRY INTO FORCE

The Agreement shall enter into force upon signature.

IN WITNESS WHEREOF, the respective representatives, duly authorized for the purpose, have signed the present Agreement.

DONE at Washington, in duplicate, this thirtieth day of November, 1962.

For the Government of the United States of America :  
G. Griffith JOHNSON

For the Government of India :  
Braj Kumar NEHRU

## EXCHANGE OF NOTES

## I

*The Secretary of State to the Ambassador of India*

DEPARTMENT OF STATE  
WASHINGTON

November 30, 1962

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement signed today<sup>1</sup> between the Government of the United States of America and the Government of India (hereinafter referred to as the Agreement) and, with regard to the use of the commodities and the rupees accruing to uses indicated under Paragraph A of Article II of the Agreement, to state that the understanding of the Government of the United States of America is as follows :

1. Upon request of the Government of the United States of America, the Government of India will provide facilities for conversion of two percent of the rupees accruing from sales under this Agreement into other currencies for purposes of Section 104 (a) of the Act. These currencies will be used to finance agricultural market development activities in other countries. In this connection, the Government of the United States of America may utilize rupees to procure in India goods and services needed in connection with agricultural market development projects and activities in other countries.

2. The Government of the United States may utilize Indian rupees in India to pay for international travel originating in India, or originating outside India when the travel (including connecting travel) is to or through India, and for travel within the United States of America or other areas outside India when the travel is part of a trip in which the traveler journeys from, to or through India. It is understood that these funds are intended to cover only travel by persons who are travelling on official business for the Government of the United States of America or in connection with activities financed by the Government of the United States of America. It is further understood that the travel for which Indian rupees may be utilized shall not be limited to services provided by Indian transportation facilities.

3. Five percent of the rupees accruing under this Agreement will be used for loans to be made by the Agency for International Development (hereinafter referred to as AID) under Section 104 (e) of the Act and for administrative expenses of AID in India incident thereto. It is understood that :

(a) Such loans will be made to United States business firms and branches, subsidiaries, or affiliates of such firms in India for business development and trade expansion in India, and to United States firms and Indian firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of and markets for United States agricultural products.

<sup>1</sup> See p. 232 of this volume.

- (b) Loans will be mutually agreeable to AID and the Government of India acting through the Department of Economic Affairs of the Ministry of Finance. The Secretary, Department of Economic Affairs, or his designate, will act for the Government of India, and the Administrator of AID, or his designate, will act for AID.
- (c) Upon receipt of an application which AID is prepared to consider, it will inform the Department of Economic Affairs of the identity of the applicant, the nature of the proposed business, the amount of the proposed loan, and the general purpose for which the loan proceeds would be expended.
- (d) When AID is prepared to act favorably upon an application, it will so notify the Department of Economic Affairs and will indicate the interest rate and the repayment period which would be used under the proposed loan. The interest rate will be similar to those prevailing in India on comparable loans and the maturities will be consistent with the purpose of the financing.
- (e) Within sixty days after receipt of notice that AID is prepared to act favorably upon an application, the Department of Economic Affairs will indicate to AID whether or not the Department has any objection to the proposed loan.
- (f) Unless within the sixty-day period AID has received such a communication from the Department of Economic Affairs, it shall be understood that the Department has no objection to the proposed loan. When AID approves or declines the proposed loan, it will notify the Department of Economic Affairs.

4. With respect to commodities provided for in this Agreement, it is understood that such commodities will be used only by the Indian Armed Forces and will not be distributed into commercial channels.

I shall appreciate receiving your confirmation that the foregoing also represents the understanding of the Government of India.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State :

G. Griffith JOHNSON

His Excellency Braj Kumar Nehru  
Ambassador of India

## II

*The Ambassador of India to the Assistant Secretary of State for Economic Affairs*

EMBASSY OF INDIA  
WASHINGTON, D.C.

November 30, 1962

The Honorable G. Griffith Johnson  
Assistant Secretary of State for Economic Affairs  
Department of State  
Washington 25, D.C.

Sir,

I have received your note of today on the Agricultural Commodities Agreement between the Government of the United States of America and the Government of India, which reads as follows :

[*See note I*]

2. I have the honour to inform you that the contents of your note represent the understanding of the Government of India.

Accept, Sir, the renewed assurances of my highest consideration.

Yours faithfully,

Braj Kumar NEHRU  
Ambassador of India