

No. 6641

**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 New
Delhi, on 26 November 1962**

Official text: English.

Registered by the United States of America on 18 April 1963.

**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 New Delhi, le 26 novembre
1962**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 18 avril 1963.

No. 6641. AGRICULTURAL COMMODITIES AGREEMENT¹
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 NEW DELHI, ON 26 NOVEMBER 1962

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 for rupees, to purchasers

¹ Came into force on 26 November 1962, upon signature, in accordance with article VI.

authorized by the Government of India, of the following agricultural commodities in the amounts indicated :

<i>Commodity</i>	<i>Export Market Value (Millions)</i>
Cotton, Upland	\$44.5
Ocean Transportation (estimated)	2.1
TOTAL	\$46.6

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 domestic purposes (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 commodities 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 New Delhi in duplicate this 26th day of November, 1962.

For the Government
of the United States of America :

John Kenneth GALBRAITH

For the Government
of India :

L. K. JHA

EXCHANGE OF NOTES

I

The American Ambassador to the Secretary, Department of Economic Affairs, Ministry of Finance of India

EMBASSY OF THE UNITED STATES OF AMERICA
NEW DELHI, INDIA

November 26, 1962

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement signed today¹ between the Government of the United States of America and the Govern-

¹ See p. 204 of this volume.

ment of India (hereinafter referred to as the Agreement) and, with regard to 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. The Government of India will also provide facilities for the conversion of up to \$1.0 million worth of rupees for use under Section 104(h) of the Act and the Mutual Educational and Cultural Exchange Act of 1961. Of this amount up to \$200,000 will be used for educational exchange activities between the United States of America and India, including travel of participants ; and up to \$800,000 will be used after July 1, 1963 to finance educational exchange 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 traveling 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.
- (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 cotton textiles and yarns, it is understood that should India's exports of these commodities be increased during the period in which cotton included in this Agreement is utilized, as compared with the annual average of the three-year period 1959 through 1961, a corresponding increase in imports of cotton other than cotton acquired under this program will take place.

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.

John Kenneth GALBRAITH

His Excellency L. K. Jha, Secretary
Department of Economic Affairs
Ministry of Finance
Government of India
New Delhi

II

*The Secretary, Department of Economic Affairs, Ministry of Finance of India, to the
American Ambassador*

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

Department of Economic Affairs

New Delhi, India, November 26, 1962

Excellency :

I have the honor to refer to Your Excellency's note of today's date which reads as follows :

[See note I]

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

I would request your Excellency to accept the renewed assurances of my highest consideration.

L. K. JHA

Secretary, Department of Economic Affairs
Ministry of Finance, Government of India

His Excellency John Kenneth Galbraith
Ambassador of the United States of America
New Delhi