

No. 6493

**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 1 May 1962**

**Exchange of notes constituting an agreement amending the
above-mentioned Agreement. New Delhi, 17 May 1962**

Official text: English.

Registered by the United States of America on 18 January 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 1^{er} mai 1962**

**Échange de notes constituant un avenant à l'Accord sus-
mentionné. New Delhi, 17 mai 1962**

Texte officiel anglais.

Enregistrés par les États-Unis d'Amérique le 18 janvier 1963.

No. 6493. 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 1 MAY 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 Gov-

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

ernment of the United States of America undertakes to finance the sales for rupees, to purchasers authorized by the Government of India, of the following :

<i>Commodity</i>	<i>Export Market Value (Millions)</i>
Tobacco	\$ 2.9
Yellow Corn	6.4
Ocean Transportation (estimated)	1.8
	TOTAL \$11.1

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 the Indian rupees accruing from such sale, and other relevant matters.

3. Purchase and shipment of the commodities mentioned above will be made within 18 calendar months of the effective date of this Agreement.

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 expenditures 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 Governments will take reasonable precautions to assure that all 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 matter 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 1st day of May, 1962.

For the Government
of the United States of America :

C. TYLER WOOD

For the Government
of India :

K. S. SUNDARA RAJAN

EXCHANGE OF NOTES

I

The Minister for Economic Affairs and Director, United States AID Mission to India, to the Joint Secretary, Department of Economic Affairs, Ministry of Finance of India

New Delhi, India, May 1, 1962

Excellency :

I have the honour to refer to the Agricultural Commodities Agreement signed today¹ between the Government of the United States of America and the Government of India (hereinafter referred to as the Agreement) and, with regard

¹ See p. 180 of this volume.

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 non-dollar currencies for purposes of Section 104 (a) of the Agricultural Trade Development and Assistance Act, as amended (hereinafter referred to as the Act).

2. The Government of the United States of America may utilize rupees in India to pay for goods and services, including international transportation needed in connection with market development and other agricultural projects and activities in India and other countries. Any convertibility involved in these transactions will be additional to the convertibility referred to in Paragraph 1 above.

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

- (a) Such loans under Section 104 (e) of the Act 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 the Agency for International Development 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 the Agency for International Development, or his designate, will act for the Agency for International Development.
- (c) Upon receipt of an application which the Agency for International Development is prepared to consider, the Agency for International Development 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 the Agency for International Development 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 the receipt of notice that the Agency for International Development is prepared to act favorably upon an application the Department of Economic Affairs will indicate to the Agency for International Development whether or not the Department of Economic Affairs has any objection to the proposed loan.

(f) Unless within the sixty-day period the Agency for International Development has received such a communication from the Department of Economic Affairs it shall be understood that the Department of Economic Affairs has no objection to the proposed loan. When the Agency for International Development approves or declines the proposed loan, it will notify the Department of Economic Affairs.

I shall appreciate receiving your Excellency's confirmation of the understanding of my Government as set forth in this note.

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

C. TYLER WOOD
Minister for Economic Affairs and Director,
U.S. Agency for International Development Mission to India

Mr. K. S. Sundara Rajan
Joint Secretary
Department of Economic Affairs
Ministry of Finance
Government of India
New Delhi

II

The Joint Secretary, Department of Economic Affairs, Ministry of Finance of India, to the Minister for Economic Affairs and Director, United States AID Mission to India

New Delhi, India, May 1, 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.

K. S. SUNDARA RAJAN
Joint Secretary, Department of Economic Affairs
Ministry of Finance, Government of India

Mr. C. Tyler Wood
Minister for Economic Affairs and Director
U.S. Agency for International Development Mission to India
Embassy of the United States of America
New Delhi

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND INDIA AMENDING THE AGRICULTURAL COMMODITIES AGREEMENT OF 1 MAY 1962.² NEW DELHI, 17 MAY 1962

I

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

New Delhi, India, May 17, 1962

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement entered into by our two Governments on May 1, 1962,² providing for the financing of certain agricultural commodities under Title I of the Agricultural Trade Development and Assistance Act, as amended, and propose that it be amended as follows :

1. In Article I, at the request of the Government of India, include cotton, upland under Commodity, export market value \$27.0 million, increase ocean transportation (estimated) to \$3.0 million and raise the total value of the Agreement to \$39.3 million. It is understood that the Government of India will continue usual commercial imports of cotton from free world sources during United States of America fiscal year 1963 at not less than 350,000 bales (480 pounds net weight).

2. In Article II, reduce the amount for United States of America expenditures under paragraph A from 15 to 11 percent of sales proceeds and increase the amount for a section 104 (g) loan under paragraph B from 85 to 89 percent.

3. In the notes exchanged in connection with the May 1, 1962, Agricultural Commodities Agreement, change the opening phrase of numbered paragraph 3 to read one percent, and add a new numbered paragraph 4 to read as follows :

“ Upon request of the Government of the United States of America, the Government of India will make available facilities for conversion to other currencies of the Rupee equivalent of up to \$500,000 for purposes of section 104 (H) of the Act. These funds are intended to be used for educational exchange activities of the Government of the United States of America in other countries. ”

If you concur in the foregoing, I propose that this note and your affirmative reply thereto shall constitute an agreement between our two Governments to enter into force on the date of your note in reply.

¹ Came into force on 17 May 1962 by the exchange of the said notes.

² See p. 180 of this volume.

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*

New Delhi, India, May 17, 1962

Excellency :

I have received your letter dated the 17th May, 1962 reading as follows :

[See note I]

I have the honor to inform you that the foregoing amendments are acceptable to the Government of India. I agree that your letter together with this reply shall constitute an agreement between our two Governments effective on the date of this reply.

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

L. K. JHA

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