

No. 7756

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**UNITED KINGDOM OF GREAT BRITAIN  
AND NORTHERN IRELAND  
and  
INDIA**

**Exchange of letters agreeing terms and conditions of  
a Special Defence Credit to the Government of India  
for assistance towards the Mazagon Dockyard and  
*Leander* Frigate Project. London, 20 November 1964**

*Official text: English.*

*Registered by the United Kingdom of Great Britain and Northern Ireland on  
10 May 1965.*

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**ROYAUME-UNI DE GRANDE-BRETAGNE  
ET D'IRLANDE DU NORD  
et  
INDE**

**Échange de lettres portant accord sur les conditions d'oc-  
troi au Gouvernement indien d'un prêt spécial au titre  
de la défense pour la reconstruction du chantier naval  
de Mazagon et la construction de frégates de la classe  
*Leander*. Londres, 20 novembre 1964**

*Texte officiel anglais.*

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le  
10 mai 1965.*

No. 7756. EXCHANGE OF LETTERS<sup>1</sup> BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF INDIA AGREEING TERMS AND CONDITIONS OF A SPECIAL DEFENCE CREDIT TO THE GOVERNMENT OF INDIA FOR ASSISTANCE TOWARDS THE MAZAGON DOCKYARD AND *LEANDER* FRIGATE PROJECT. LONDON, 20 NOVEMBER 1964

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I

*The Secretary of State for Commonwealth Relations  
to the Minister of Defence, Government of India*

COMMONWEALTH RELATIONS OFFICE

20th November, 1964

Sir,

I have the honour to inform you that, in pursuance of discussions between our two Governments, the Government of the United Kingdom of Great Britain and Northern Ireland will make to the Government of India a Special Defence Credit (hereinafter referred to as the "loan") of up to £4,700,000 to meet payments due under contracts entered into between the Government of India and persons or corporations in the United Kingdom and approved by the United Kingdom Government, in respect of the reconstruction of the Mazagon Dockyard at Bombay, and the construction there of *Leander* Class Frigates.

The loan shall be used only for goods or equipment wholly manufactured in the United Kingdom or services supplied by persons or corporations resident in the United Kingdom.

The United Kingdom Government, on receipt from the Government of India of a request for the payment of sums due under the said contracts, with details identifying the contract under which and the goods and services in respect of which the payment is due and with a certificate by the contractor that the goods have been wholly manufactured in the United Kingdom or the services have been supplied by persons or corporations resident in the United Kingdom and accompanied where required by the United Kingdom Government by

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<sup>1</sup> Came into force on 20 November 1964 by the exchange of the said letters.

a certificate from the consulting engineers that the payments are so due, will make these payments out of the loan on behalf of the Government of India. No payment out of the loan will be made after 31st March 1971.

Interest will be payable by the Government of India on each payment out of the loan by the United Kingdom Government at the rate currently applied by the United Kingdom Treasury at the date of each such payment to a loan for a comparable period out of the Consolidated Fund under Section 3 (2) of the Export Guarantees Act 1949. Interest will be payable on each payment from the date upon which the payment was made. The United Kingdom Government will notify the Government of India on the occasion of each such payment by the United Kingdom Government giving the amount of the payment, the rate of interest chargeable and the terms for payment. Interest due on the amount of the loan outstanding will be paid half yearly on 30th April and 31st October in each year.

The Government of India will repay to the United Kingdom Government the amount of each payment made by them in pursuance of paragraph 1 of this letter by 10 equal yearly instalments the first instalment being paid on 30th April in the second financial year (1st April to 31st March) following that in which the payment out of the loan was made.

The Government of India may at any time repay the loan to the United Kingdom Government by paying to them the amount then outstanding with interest due thereon.

I would be glad to have your confirmation that the Government of India accept the loan on the terms and conditions proposed in this letter and that this letter and your reply in that sense should be regarded as constituting an agreement between the two Governments.

I have the honour to be, Sir,

Your most obedient servant,

Arthur BOTTOMLEY

## II

*The Minister of Defence, Government of India  
to the Secretary of State for Commonwealth Relations*

London, 20th November, 1964

Sir,

I have the honour to acknowledge the receipt of your letter of 20th November, 1964, which reads as follows :

[*See letter I*]

I confirm that the Government of India accept the loan referred to in your letter on the terms and conditions proposed therein and that your letter and this reply should be regarded as constituting an agreement between the two Governments.

Yours faithfully,

Y. B. CHAVAN