

No. 9611

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
INDIA**

**Development Credit Agreement—*Fifth Industrial Imports Project* (with annexed Credit Regulations No. 1, as amended).
Signed at Washington on 22 January 1969**

Authentic text : English.

Registered by the International Development Association on 6 June 1969.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
INDE**

Contrat de crédit de développement — *Cinquième projet d'importation de biens pour l'industrie* (avec, en annexe, le Règlement n° 1 sur les crédits de développement, tel qu'il a été modifié). Signé à Washington le 22 janvier 1969

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 6 juin 1969.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated January 22, 1969, between INDIA acting by its President (hereinafter called the Borrower), and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

Article I

CREDIT REGULATIONS; SPECIAL 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 as amended February 9, 1967,² with the same force and effect as if they were fully set forth herein, subject, however, to the following modification thereof (said Development Credit Regulations No. 1 as so modified being hereinafter called the Regulations) :

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

“ 5. The term ‘ Borrower ’ means India, acting by its President. ”

Section 1.02. Except where the context shall otherwise require, the following term shall have the following meaning wherever used in this Agreement or any Schedule thereto :

The term “ Specified Enterprises ” shall mean firms notified from time to time by the Borrower to the Association, in such industries manufacturing capital equipment and other goods of high priority for economic development, as shall from time to time be agreed upon by the Borrower 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 Development Credit Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to one hundred twenty-five million dollars (\$125,000,000).

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

¹ Came into force on 26 February 1969, upon notification by the Association to the Government of India.

² See p. 164 of this volume.

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 Borrower and the Association shall otherwise agree :

(a) The Borrower shall be entitled, subject to the provisions of this Agreement and the Regulations, to withdraw from the Credit Account

(i) amounts expended for the reasonable cost of goods to be financed out of the proceeds of the Credit, and

(ii) if the Association shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of such goods;

provided, however, that with respect to goods acquired by such Specified Enterprises as shall be agreed upon from time to time by the Borrower and the Association, the Borrower shall, subject as aforesaid, be entitled to withdraw from the Credit Account a percentage or percentages to be agreed upon from time to time by the Borrower and the Association of amounts expended for the reasonable cost of such goods.

(b) No withdrawals shall be made on account of expenditures prior to January 1, 1968.

(c) No withdrawals shall be made on account of expenditures in the currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower.

Section 2.04. 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.

Section 2.05. Service charges shall be payable semi-annually on March 15 and September 15 in each year.

Section 2.06. The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in semi-annual installments payable on each March 15 and September 15 commencing September 15, 1979 and ending March 15, 2019, each installment to and including the installment payable on March 15, 1989 to be one-half of one per cent ($\frac{1}{2}$ of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent ($1\frac{1}{2}$ %) of such principal amount.

Section 2.07. The currency of the United Kingdom of Great Britain and Northern Ireland is hereby specified for the purposes of Section 3.02 of the Regulations.

Article III

USE OF PROCEEDS OF CREDIT

Section 3.01. The Borrower shall cause the proceeds of the Credit to be applied exclusively to the provision of the foreign exchange required to cover the cost of acquiring the goods needed to carry out the Project. The goods to be financed out of the proceeds of the Credit, the methods and procedures for procurement of such goods, and the industries from which Specified Enterprises will be selected, shall be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

Section 3.02. Except as the Borrower and the Association shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Credit to be imported into the territories of the Borrower and to be used in the carrying out of the Project.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall carry out the Project, or cause it to be carried out, with due diligence and efficiency.

(b) The Borrower shall: (i) promptly upon receipt of appropriate applications issue, or cause to be issued, such import licenses as shall be required to carry out the Project; (ii) make available, or cause to be made available, promptly as needed all foreign exchange which shall be required to carry out the Project; and (iii) with respect to locally produced materials which are subject to allocation make, or cause to be made, allocations of such materials promptly and in such quantities as shall be required to carry out the Project.

(c) Upon request from time to time by the Association, the Borrower shall promptly furnish to the Association the programs and plans for the Project and any material modifications subsequently made therein, in such detail as the Association shall request.

(d) The Borrower shall: (i) 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 and to record the progress of the Project; (ii) enable the Association's representatives to inspect the relevant records and documents related to the Project, the goods financed out of the proceeds of the Credit, and the Specified Enterprises; and (iii) furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the Project, the program (referred to in the Schedule to this Agreement) of which the Project is a part, the Specified Enterprises, the goods

financed out of the proceeds of the Credit and the expenditure of the proceeds of the Credit.

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 Development Credit 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, delivery or registration thereof.

Section 4.05. Except as the Borrower and the Association shall otherwise agree, the Specified Enterprises shall not, on the ground that they are participating in the Project, be subject to any conditions or requirements not imposed on other enterprises.

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 in paragraph (b) 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 during the continuance thereof 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. The Borrower and the Association hereby agree that for the purposes of the development credit agreement (Industrial Imports Project) dated June 9, 1964,¹ of the development credit agreement (*Second Industrial Imports Project*) dated August 11, 1965,² of the development credit agreement (*Third Industrial Imports Project*) dated August 19, 1966,³ of the development credit agreement (*Fourth Industrial Imports Project*) dated December 23, 1966,⁴ all the said agreements being between the Borrower and the Association, and of this Development Credit Agreement, an event referred to in paragraph (b) of Section 5.02 of the Development Credit Regulations No. 1 of the Association applicable to any such agreement shall be deemed to be an event under paragraph (b) of Section 5.02 of the Development Credit Regulations No. 1 of the Association applicable to any other such agreement.

Article VI

MISCELLANEOUS

Section 6.01. Except as the Borrower and the Association shall otherwise agree, (i) the Closing Date in respect of amounts for equipment referred to in paragraph 2 (ii) of the Schedule to this Agreement shall be June 30, 1970 and (ii) the Closing Date in respect of all other amounts in the Credit Account shall be September 30, 1969.

Section 6.02. The date of March 1, 1969 is specified for the purposes of Section 8.04 of the Regulations.

Section 6.03. 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 cables :

Ecofairs
New Delhi

¹ United Nations, *Treaty Series*, vol. 506, p. 31.

² United Nations, *Treaty Series*, vol. 562, p. 277.

³ *Ibid.*, vol. 584, p. 193.

⁴ *Ibid.*, vol. 594, p. 165.

For the Association :

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Alternative address for cables :

Indevas
Washington, D.C.

Section 6.04. 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 to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

India :

By Ali Yavar JUNG
Authorized Representative

International Development Association :

By Robert S. McNAMARA
President

SCHEDULE

DESCRIPTION OF PROJECT

1. The Project forms part of the program of the Borrower to increase, during the period from April 1, 1968 to March 31, 1969, production for the domestic civilian market and for export by making available foreign exchange for the import of materials, components, spare parts and miscellaneous items of manufacturing equipment and thereby improving the rate of utilization of existing productive capacity and capital equipment in India.

2. The Project consists of provision by the Borrower of foreign exchange for :

- (i) The import of materials, components and spare parts required by the respective Specified Enterprises for production for the domestic civilian market and for export; and
- (ii) The import of some miscellaneous items of capital equipment by the Specified Enterprises.

INTERNATIONAL DEVELOPMENT ASSOCIATION

DEVELOPMENT CREDIT REGULATIONS No. 1, DATED 1 JUNE 1961,
AS AMENDED 9 FEBRUARY 1967

REGULATIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS WITH
MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 617, p. 60.*]