

No. 10093

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
INDIA**

**Loan Agreement—Third Telecommunications Project
(with annexed General Conditions Applicable to
Loan and Guarantee Agreements). Signed at
Washington on 18 June 1969**

Authentic text : English.

*Registered by the International Bank for Reconstruction and Development
on 11 December 1969.*

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
INDE**

**Contrat d'emprunt — Troisième projet relatif aux télé-
communications (avec, en annexe, les Conditions
générales applicables aux contrats d'emprunt et de
garantie). Signé à Washington le 18 juin 1969**

Texte authentique : anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développe-
ment le 11 décembre 1969.*

LOAN AGREEMENT¹

AGREEMENT, dated June 18, 1969, between INDIA, acting by its President (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS (A) the Borrower has requested the Bank to make a loan to it in an aggregate principal amount equivalent to \$27,500,000 to assist the Borrower in financing the Project described in Schedule 2 to this Agreement;

(B) the Borrower has also requested the International Development Association (hereinafter called the Association) to provide additional assistance towards financing the Project;

(C) by an agreement of even date herewith between the Borrower and the Association (hereinafter referred to as the Development Credit Agreement²), the Association is agreeing to provide such assistance (hereinafter called the Credit) in an aggregate principal amount equivalent to \$27,500,000; and

(D) the Bank has agreed, on the basis of the foregoing, to make a loan to the Borrower upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 31, 1969,³ with the same force and effect as if they were fully set forth herein, subject, however, to the following modification thereof (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank, as so modified, being hereinafter called the General Conditions) :

¹ Came into force on 14 July 1969, upon notification by the Bank to the Government of India.

² See p. 299 of this volume.

³ See p. 296 of this volume.

Paragraph 6 of Section 2.01 is amended to read as follows :

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

Section 1.02. Wherever used in this Loan Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings :

- (a) “P&T” means the Posts and Telegraphs Department of the Borrower ;
- (b) “Branch” means the Telecommunications Branch of P&T ; and
- (c) “Rs” means rupees in the currency of the Borrower.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Loan Agreement set forth or referred to, an amount in various currencies equivalent to twenty-seven million five hundred thousand dollars (\$27,500,000).

Section 2.02. (a) The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan.

(b) The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Loan Agreement and in accordance with the allocation of the proceeds of the Loan set forth in Schedule 1 to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by agreement between the Borrower and the Bank.

Section 2.03. The Borrower shall be entitled to withdraw from the Loan Account in respect of the reasonable cost of goods or services required for the Project and to be financed under this Loan Agreement :

- (i) such amounts as shall have been paid (or, if the Bank shall so agree, shall be required to meet payments to be made) for goods or services included in Category I of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Agreement ; and

- (ii) the equivalent of the following percentages (or such other percentages as the Bank may from time to time determine) of such amounts as shall have been paid (or, if the Bank shall so agree, shall be required to meet payments to be made) for goods or services included in the following Categories of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Agreement :

Category II (a) — 20 %

Category II (b) — 13 %

Category II (c) — 55 %

Section 2.04. It is hereby agreed, pursuant to Section 5.01 of the General Conditions, that withdrawals from the Loan Account under Category II of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Agreement may be made on account of payments :

- (i) in the currency of the Borrower, or for goods produced in, or services supplied from, the territories of the Borrower; and
- (ii) made prior to the date of this Agreement but on or after April 1, 1969.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1 %) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of six and one-half per cent ($6\frac{1}{2}$ %) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on June 15 and December 15 in each year.

Section 2.08. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 6 to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall apply the proceeds of the Loan in accordance with the provisions of this Loan Agreement to expenditures on the Project, described in Schedule 2 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, the goods and services to be financed out of the proceeds of the Loan shall be procured in accordance with the procedures set forth in Schedule 3 to this Agreement.

Section 3.03. Until the completion of the Project, the Borrower shall cause all goods and services financed out of the proceeds of the Loan to be used exclusively in carrying out the Project, except as the Bank may otherwise agree.

Article IV

BONDS

Section 4.01. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VIII of the General Conditions.

Section 4.02. A Secretary to the Government of India in the Ministry of Finance is designated as the authorized representative of the Borrower for the purposes of Section 8.10 of the General Conditions.

Article V

PARTICULAR COVENANTS

Section 5.01. The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound administrative, financial, engineering and public utility practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

Section 5.02. (a) Upon request from time to time by the Bank, the Borrower shall promptly furnish or cause to be furnished to the Bank the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall request.

(b) The Borrower shall : (i) maintain or cause to be maintained records adequate to identify the goods and services financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition with respect to the Project of the agency or agencies of the Borrower responsible for the carrying out of the Project or for the operation of the telecommunications facilities of the Borrower, or any part thereof; (ii) enable the Bank's representatives to inspect the Project, such goods, the Branch, the Indian Telephone Industries Limited, the Hindustan Cables Limited, the Hindustan Teleprinters Limited, any agency or agencies of the Borrower responsible for the carrying out of the Project or the operation

of the telecommunications facilities of the Borrower to which the Program referred to in Schedule 2 to this Agreement relates, or any part thereof, and any relevant records and documents; and (iii) furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, such goods and services, and the operations and financial condition with respect to the Project of the agency or agencies of the Borrower responsible for the carrying out of the Project or the operation of the telecommunications facilities of the Borrower to which the Program referred to in Schedule 2 to this Agreement relates, or any part thereof.

Section 5.03. (a) The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan 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 Loan. 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 Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Borrower for purposes related to the Loan.

Section 5.04. Except as the Bank shall otherwise agree, the Borrower undertakes to insure or cause to be insured the imported goods financed out of the proceeds of the Loan against marine, transit and other hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

Section 5.05. The Borrower shall operate and maintain its telecommunications facilities, and from time to time make all necessary renewals and repairs thereof, all in accordance with sound public utility and engineering practices.

Section 5.06. Except as the Bank shall otherwise agree, the Borrower shall cause P&T to continue the financial reorganization of the Branch in accordance with the provisions of and the time schedule set forth in Schedule 4 to this Agreement.

Section 5.07. Except as the Bank shall otherwise agree, the Borrower shall cause P&T to retain, prior to December 31, 1969, consultants, acceptable to and on terms and conditions satisfactory to the Bank, to assist P&T in establishing an effective stock control system.

Section 5.08. The Borrower shall have the commercial accounts of the Branch, beginning with those for the fiscal year ending March 31, 1969, audited annually by the Comptroller and Auditor General of the Borrower. The Borrower shall transmit to the Bank :

- (i) certified copies of the audited statements (balance sheet and related statement of earnings and expenses) and signed copies of the auditors' reports relating to both the commercial accounts and the appropriation accounts of the Branch promptly after such statements are available; and
- (ii) beginning with the accounts for the fiscal year ending March 31, 1971, provisional commercial accounts (balance sheet and related statement of earnings and expenses) of the Branch not later than four months after the close of the fiscal year to which they relate.

Section 5.09. The Borrower shall consult the Bank about any plan for a major reorganization of the Branch sufficiently in advance of the adoption of such plan for the Bank to have adequate opportunity to comment thereon.

Section 5.10. The Borrower shall ensure that funds generated by the Branch are applied to the operations of the Postal Branch of P&T or to any use other than the operations of the Branch and the carrying out of the Project only if all funds required for the carrying out of the Project are available to the Branch.

Section 5.11. (a) Except as the Bank shall otherwise agree, the Borrower shall establish and maintain tariffs for telecommunications services, and shall take all other action which may be necessary or appropriate, so as to provide revenues sufficient to produce an annual rate of return of not less than 11 % on the value of the net fixed assets in operation of the Branch, computed in accordance with the provisions of Schedule 5 to this Agreement.

(b) Whenever appropriate, and in any case not less frequently than every five years, the Borrower shall review, or cause to be reviewed, the value of the net fixed assets in operation of the Branch to determine whether because of substantial changes in current prices adjustments to such values are required, and shall notify the Bank of the result of any such review. Appropriate adjustments to the value of the net fixed assets in operation of the Branch for purposes of paragraph *(a)* of this Section shall then be

made to the extent agreed between the Borrower and the Bank. At the same time, the minimum annual rate of return specified in paragraph (a) of this Section and the minimum average rate of depreciation for purposes of computing operating costs specified in paragraph 2 (a) (ii) of Schedule 5 to this Agreement will also be reviewed by the Borrower and the Bank in order to determine whether any adjustments are called for.

Section 5.12. It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower or of any of its political subdivisions or of any agency of the Borrower or of any such political subdivision as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (ii) any pledge of commercial goods to secure a debt maturing not more than one year after its date and to be paid out of the proceeds of sale of such commercial goods; or (iii) any pledge by the Reserve Bank of India of any of its assets in the ordinary course of its banking business to secure any indebtedness maturing not more than one year after its date.

Section 5.13. The principal of, and interest and other charges on, the Loan and the Bonds 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; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower.

Section 5.14. The Loan Agreement and the Bonds 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, issue, delivery or registration thereof, and the Borrower shall pay all such taxes, if any, imposed under the laws of the country or countries in whose currency the

Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

Article VI

REMEDIES OF THE BANK

Section 6.01. If any event specified in Section 7.01 of the General Conditions shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Borrower declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, together with the interest and other charges thereon, and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything to the contrary in this Loan Agreement or in the Bonds notwithstanding.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be December 31, 1972 or such other date as shall be agreed between the Borrower and the Bank.

Section 7.02. The date of August 1, 1969 is hereby specified for the purposes of Section 11.04 of the General Conditions.

Section 7.03. A Secretary to the Government of India in the Ministry of Finance is designated as representative of the Borrower for the purposes of Section 10.03 of the General Conditions.

Section 7.04. The following addresses are specified for the purposes of Section 10.01 of the General Conditions :

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

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Alternative address for cables :
Intbafrad
Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan 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 Bank for Reconstruction and Development :

By J. Burke KNAPP
Vice President

SCHEDULE 1

ALLOCATION OF PROCEEDS OF CREDIT AND LOAN

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
I. Goods to be imported by P&T	
(a) Cable and wire	11,300,000
(b) Equipment for long distance systems and training and research equipment	8,300,000
(c) Materials and components for manufacture in the P&T Workshops	3,100,000
II. Goods to be purchased from the Government telecommu- nications factories	
(a) Telephones, switching and transmission equipment, manufactured by Indian Telephone Industries Limited	11,500,000
(b) Teleprinters, manufactured by Hindustan Teleprinters Limited	800,000
(c) Cable and wire, manufactured by Hindustan Cables Limited	<u>20,000,000</u>
TOTAL	<u>55,000,000</u>

ALLOCATION OF THE PROCEEDS OF THE CREDIT

1. The amount of the Credit shall be withdrawn from the Credit Account as provided under Article II of the Development Credit Agreement and shall be applied to expenditures under Category II and, to the extent that withdrawals and commitments in respect of expenditures under Category I exceed the amount of the Loan, to expenditures under Category I.

ALLOCATION OF THE PROCEEDS OF THE LOAN

2. The amount of the Loan may be withdrawn from the Loan Account as provided under Article II of this Loan Agreement and shall be applied to expenditures under Category I and, to the extent that withdrawals and commitments in respect of expenditures under Category II exceed the amount of the Credit, to expenditures under Category II.

REALLOCATION UPON CHANGE IN COST ESTIMATES

3. If the estimate of the cost of the items included in any of the Subcategories in Categories I and II shall decrease, the amount of the Loan then allocated to, and no longer required for, such Subcategory will be reallocated, at the request of the Borrower, to any of the other Subcategories in Categories I and II, subject, however, to the requirements for contingencies, as determined by the Bank, in respect of the cost of the items in the other Subcategories.

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project is the three year segment, April 1, 1969 through March 31, 1972, of P&T's Program for the expansion of the Branch's telecommunications facilities included in the Borrower's Fourth Five-Year Plan (ending March 31, 1974). The Project has a capital expenditure target of approximately Rs 2,700 million and comprises the following main items:

1. Expansion of local telephone exchanges to increase the net capacity by approximately 325,000 lines of automatic equipment and 20,000 lines of manual equipment, together with the necessary cables and subscriber equipment to add approximately 300,000 installations.

2. Expansion of the long distance network by approximately 12,000 interurban speech channels together with the necessary switching and terminating equipment.

3. Expansion of the telex network by approximately 5,000 subscriber installations together with the associated switching and long-distance channels; and expansion and modernization of the public telegraph service.

4. Expansion and modernization of training and research facilities appropriate to the increasing scope and complexity of P&T's operations.

SCHEDULE 3

PROCUREMENT PROCEDURES

1. The goods and services included in Category I of the allocation of the proceeds of the Loan set forth in Schedule 1 of this Agreement (except for those items in Category I (c) for which international competitive bidding is not appropriate) shall be procured on the basis of international competitive bidding in accordance with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in February 1968.

2. With respect to contracts for procurement of goods and services referred to in paragraph 1 to be procured on the basis of international competitive bidding and estimated to cost in excess of \$100,000 equivalent:

(a) Invitations to bid, specifications, conditions of contract, all other tender documents and the method and places of advertising will be submitted to the Bank for its review and approval prior to the issuance of invitations to bid.

(b) After bids have been received and analyzed, the analysis of the bids, and the proposals for awards, together with the reasons for such proposals, will be submitted to the Bank for its review and approval prior to the Borrower's making any award of contract or issuing any letter of intent.

(c) If the final contract is to differ substantially from the terms and conditions contained in the respective documents approved by the Bank under paragraphs (a) and (b) above, the text of the proposed changes will be submitted to the Bank for its review and approval prior to the execution of such contract.

(d) As soon as a letter of intent has been issued or a contract has been executed, a copy thereof will be sent to the Bank.

3. With respect to contracts for procurement of goods and services referred to in paragraph 1 estimated to cost \$100,000 equivalent or less, copies of the invitation to bid, the bid analysis and evaluation, the contract or order and any other documents the Bank may request will be sent to the Bank promptly after the execution of the respective contract and prior to the submission to the Bank of the first application for withdrawal of funds from the Loan Account in respect of such contract.

4. The goods and services included in the following Categories of the allocation of the proceeds of the Loan set forth in Schedule 1 of the Agreement shall be procured from the Indian companies indicated in accordance with the usual procedures of the Branch:

Category II (a)—Indian Telephone Industries Limited

Category II (b)—Hindustan Teleprinters Limited

Category II (c)—Hindustan Cables Limited

Such Indian companies will continue to procure imported goods for the production of the goods included in such Categories on the basis of international competitive bidding wherever appropriate.

SCHEDULE 4

FINANCIAL REORGANIZATION OF THE BRANCH

The financial reorganization of the Branch, referred to in Section 5.06 of this Agreement, shall be carried out in accordance with the following time schedule:

1. The transfer of the accounting function for the Branch from the Comptroller and Auditor General of the Borrower to P&T will be completed by transferring the following accounting units to P&T by not later than the dates indicated :

September 1, 1969

Kerala Circle

Orissa Circle

Mysore Circle

Bangalore Telephone District

Madhya Pradesh Circle

Ahmedabad Telephone District

Gujerat Circle

Bombay Telephone District

Technical & Development Circle

September 1, 1970

West Bengal Circle

Uttar Pradesh Circle

Maharashtra Circle

Calcutta Telephone District

Bihar Circle

Delhi Telephone District

Assam Circle

Poona Telephone District

2. Beginning with the accounts for fiscal year 1968/1969, annual accounts for the Branch shall be prepared and submitted to Parliament (together with a reconciling statement) not only in the form of the appropriation accounts but also in the form of commercial accounts on an accrual basis with a statement of earnings and expenses and a balance sheet. For the purposes of these statements, fixed assets in operation shall be valued in accordance with the provisions of Section 5.11 (b) of this Agreement.

3. Beginning with the forecast for fiscal year 1971/1972, budget forecasts on an accrual basis will be prepared and submitted to Parliament together with the present appropriation forecasts.

4. Beginning not later than April 1, 1971, the clearing of accounts between the Branch and other Government departments will be by direct rendering of bills and settlement.

5. P&T will promptly establish an internal audit system for the Branch. In each of the accounting units transferred to P&T an internal audit group shall be functioning within one year after the transfer of the unit.

SCHEDULE 5

COMPUTATION OF ANNUAL RATE OF RETURN

1. The annual rate of return on the value of the net fixed assets in operation of the Branch, referred to in Section 5.11 of this Agreement, shall be computed by relating the net operating income accruing from the telecommunications services for the year in question to the average of the value of net fixed assets in operation at the beginning and at the end of the year in question.

2. For purposes of this computation:

- (a) "net operating income" shall mean the difference between
- (i) all operating revenues accruing from telecommunications services, excluding that portion of receipts under the "Own Your Telephone" scheme which relates to service to be rendered in future years, and
- (ii) all operating costs of the telecommunications services, including administrative expenses, adequate maintenance and provision for depreciation on all depreciable assets in operation, computed in accordance with the straight-line method at an average rate of not less than $4\frac{1}{2}\%$ per annum of the gross value of such depreciable assets in operation, adjusted in accordance with Section 5.11 (b) of this Agreement, but excluding interest and other charges on debt and on the Borrower's contributions to P&T; and

(b) "value of net fixed assets in operation" shall mean the gross value of such assets, less accumulated depreciation, adjusted in accordance with Section 5.11 (b) of this Agreement.

3. The above computation shall be made on the basis of P&T's commercial accounts for the Branch, except as such accounts are inconsistent with the above provisions.

SCHEDULE 6

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
June 15, 1979	345,000	June 15, 1989	655,000
December 15, 1979	355,000	December 15, 1989	675,000
June 15, 1980	365,000	June 15, 1990	695,000
December 15, 1980	380,000	December 15, 1990	720,000
June 15, 1981	390,000	June 15, 1991	740,000
December 15, 1981	405,000	December 15, 1991	765,000
June 15, 1982	415,000	June 15, 1992	790,000
December 15, 1982	430,000	December 15, 1992	815,000
June 15, 1983	445,000	June 15, 1993	845,000
December 15, 1983	460,000	December 15, 1993	870,000
June 15, 1984	475,000	June 15, 1994	900,000
December 15, 1984	490,000	December 15, 1994	930,000
June 15, 1985	505,000	June 15, 1995	960,000
December 15, 1985	520,000	December 15, 1995	990,000
June 15, 1986	540,000	June 15, 1996	1,020,000
December 15, 1986	555,000	December 15, 1996	1,055,000
June 15, 1987	575,000	June 15, 1997	1,090,000
December 15, 1987	595,000	December 15, 1997	1,125,000
June 15, 1988	615,000	June 15, 1998	1,160,000
December 15, 1988	635,000	December 15, 1998	1,205,000

* To the extent that any part of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any portion of the principal amount of the Loan pursuant to Section 3.05 (b) of the General Conditions or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions:

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than four years before maturity	$\frac{1}{8}$ %
More than four years but not more than eight years before maturity . . .	$1\frac{1}{4}$ %
More than eight years but not more than fourteen years before maturity .	$2\frac{1}{4}$ %
More than fourteen years but not more than twenty years before maturity	$3\frac{3}{4}$ %
More than twenty years but not more than twenty-six years before maturity	5 %
More than twenty-six years but not more than twenty-eight years before maturity	6 %
More than twenty-eight years before maturity	$6\frac{1}{8}$ %

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS

[Not published herein. See *United Nations, Treaty Series, vol. 691, p. 300*]