

No. 10657

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
INDIA**

Development Credit Agreement—*Sixth Industrial Imports Project* (with annexed General Conditions Applicable to Development Credit Agreements). Signed at Washington on 24 April 1970

Authentic text: English.

Registered by the International Development Association on 11 August 1970.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT**

**et
INDE**

Contrat de crédit de développement — *Sixième projet d'importation de biens pour l'industrie* (avec, en annexe, les Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 24 avril 1970

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 11 août 1970.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated April 24, 1970, between INDIA, acting by its President (hereinafter called the Borrower), and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

Article I

GENERAL CONDITIONS; SPECIAL DEFINITION

Section 1.01. The parties to this Development Credit Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969,² 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 Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions):

Paragraph 5 of Section 2.01 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 registered with the Borrower’s Directorate General of Technical Development of the Ministry of Industrial Development, Internal Trade and Company Affairs, notified from time to time by the Borrower to the Association, in the industrial manufacturing sectors of capital equipment and other goods of high priority for economic development listed in Schedule 3 to this Agreement, as such list may from time to time be amended by agreement between the Borrower and the Association.

¹ Came into force on 27 May 1970, upon notification by the Association to the Government of India.

² See p. 236 of this volume.

Article II

THE CREDIT

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions in this Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to seventy-five million dollars (\$75,000,000).

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

(b) The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspensions set forth in, this Development Credit Agreement and in accordance with the allocation of the proceeds of the Credit set forth in Schedule 1 to this Agreement.

Section 2.03. The Borrower shall be entitled to withdraw from the Credit Account such amounts as shall have been paid (or, if the Association shall so agree, shall be required to meet payments to be made) in respect of the reasonable c.i.f. cost of the goods required for the Project and to be financed under this Development Credit Agreement.

Section 2.04. No withdrawals from the Credit Account shall 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, or (ii) in respect of any goods other than raw and semi-finished materials, components and spare parts.

Section 2.05. The currency of the United Kingdom of Great Britain and Northern Ireland is hereby specified for the purposes of Section 4.02 of the General Conditions.

Section 2.06. 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 2.07. Service charges shall be payable semi-annually on February 15 and August 15 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in semi-annual installments payable on each February 15 and August 15 commencing August 15, 1980 and ending February 15, 2020, each installment to and including the installment payable on February 15, 1990, 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.

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 foreign exchange required by the Specified Enterprises to cover the cost of acquiring the goods needed to carry out the Project.

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 application 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 Schedule 2 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 conducting business in the territories of the Borrower.

Article V

REMEDIES OF THE ASSOCIATION

Section 5.01. If any event specified in Section 7.01 of the General Conditions or in Section 5.02 of this Agreement shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Association, at its option, may by notice to the Borrower declare the principal of the Credit then outstanding to be due and payable immediately together with the service charges thereon and

upon any such declaration such principal, together with such charges, shall become due and payable immediately, anything in this Development Credit Agreement to the contrary notwithstanding.

Section 5.02. For the purposes of Section 7.01 of the General Conditions, the following additional event is specified:

A default shall have occurred in the performance of any covenant or agreement on the part of the Borrower under any of the development credit agreements granted by the Association to the Borrower for industrial imports projects and dated June 9, 1964, August 11, 1965, August 19, 1966, December 23, 1966 and January 22, 1969, respectively, and such nonperformance shall continue for a period of sixty days.

Article VI

MISCELLANEOUS

Section 6.01. Except as the Borrower and the Association shall otherwise agree, the Closing Date shall be June 30, 1971.

Section 6.02. The date of July 1, 1970 is specified for the purposes of Section 10.04 of the General Conditions.

Section 6.03. The following addresses are specified for the purposes of Section 9.01 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 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. Any of a Secretary, Special Secretary, or Joint Secretary to the Government of India in the Ministry of Finance of the Borrower, or the Director of the Department of Economic Affairs in the Ministry of Finance of the Borrower, acting singly, is designated for the purposes of Section 9.03 of the General Conditions.

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 MAHARAJAKRISHNA RASGOTRA
Authorized Representative

International Development Association:

By J. BURKE KNAPP
Vice President

SCHEDULE 1

ALLOCATION OF PROCEEDS OF CREDIT

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
Raw and semi-finished materials, components and spare parts for the:	
(i) Fertilizers and Pesticides Sector	15,000,000
(ii) Other Sectors	<u>60,000,000</u>
TOTAL	<u><u>75,000,000</u></u>

SCHEDULE 2

DESCRIPTION OF THE PROJECT

1. The Project forms part of the program of the Borrower to increase, during the period from May 1, 1970 to March 31, 1971, production for the domestic civilian market and for export by making available foreign exchange for the import of raw and semi-finished 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 and other resources required by the respective Specified Enterprises for production for the domestic civilian market and for export.

SCHEDULE 3

INDUSTRIAL MANUFACTURING SECTORS UNDER THE PROJECT*

Listed hereunder are the industrial manufacturing sectors of capital equipment and other goods from which the Specified Enterprises are to be selected:

- (a) Commercial vehicles;
- (b) Automotive ancillaries;
- (c) Agricultural tractors;
- (d) Machine tools, cutting and small tools, and abrasives;
- (e) Electric motors;
- (f) Fertilizers and Pesticides.

INTERNATIONAL DEVELOPMENT ASSOCIATION

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS

[*Not published herein. See United Nations, Treaty Series, vol. 703, p. 244.*]

* See Section 1.02.