

No. 12013

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
INDIA**

Development Credit Agreement—*Bihar Agricultural Markets Project* (with schedules and General Conditions Applicable to Development Credit Agreements). Signed at Washington on 29 March 1972

Authentic text: English.

Registered by the International Development Association on 26 September 1972.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
INDE**

Contrat de crédit de développement — *Projet relatif aux marchés agricoles du Bihar* (avec annexes et Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 29 mars 1972

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 26 septembre 1972.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated March 29, 1972, between INDIA, acting by its President (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) The Borrower has requested the Association to assist in the financing of the Project described in Schedule 2 to this Agreement by extending the Credit as hereinafter provided;

(B) By an agreement of even date herewith² between the State of Bihar, acting by its Governor, and the Association, the State of Bihar has agreed to undertake certain obligations in respect of the carrying out of the Project;

(C) By an agreement of even date herewith² between the Association, Agricultural Refinance Corporation and State Bank of India, certain obligations in respect of the carrying out of the Project have been undertaken by Agricultural Refinance Corporation and State Bank of India; and

WHEREAS the Association has agreed, on the basis *inter alia* of the foregoing, to extend the Credit 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 Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969,³ with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions):

¹ Came into force on 31 July 1972, upon notification by the Association to the Government of India.

² The said Agreements entered into force on 31 July 1972. As they do not constitute international agreements or parts of the present Agreement, they are not reproduced herein. However, they were published by the Association as documents CN 294 IN, certified true copies of which were transmitted to the Secretariat together with the documentation submitted for registration of the present Development Credit Agreement.

³ See p. 118 of this volume.

(a) Section 5.01 is deleted;

(b) Section 6.02 (h) is deleted and Section 6.02 (i) becomes 6.02 (h);

(c) in Section 2.01, the following paragraph is substituted for paragraph 5:

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

(d) in Section 2.01, the following paragraph is added after paragraph 12:

“13. The terms ‘Project Agreement’ and ‘Bihar Agreement’ have the meanings set forth in the Development Credit Agreement.”

(e) in Section 6.06, the words “, the Project Agreement and the Bihar Agreement” are added after the words “the Development Credit Agreement”.

Section 1.02. Wherever used in this 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) “Bihar” means the State of Bihar, a state of India, or any successor thereof.

(b) “ARC” means Agricultural Refinance Corporation, a statutory corporation established and existing under the laws of the Borrower.

(c) “SBI” means the State Bank of India, a scheduled bank organized and existing under the State Bank of India Act, 1955, of the Borrower.

(d) “SMB” means the Bihar State Agricultural Marketing Board provided for in the Bihar Agricultural Produce Markets Act, 1960 (Bihar Act XVI of 1960), as amended by the Bihar Agricultural Produce Markets (Amendment) Ordinance, 1972.

(e) “Market Committee” means a Market Committee established pursuant to the provisions of the Act referred to in (d) above.

(f) “TPO” means the Town Planning Organization, an agency of Bihar.

(g) “REO” means Rural Engineering Organization, an agency of Bihar.

(h) "Bihar Agreement" means the agreement of even date herewith between Bihar and the Association, and the schedule thereto, as the same may be amended from time to time.

(i) "Project Agreement" means the agreement of even date herewith between the Association, ARC and SBI, and all schedules thereto as the same may be amended from time to time.

(j) "Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and ARC pursuant to Section 3.01 (c) hereof, and all schedules thereto, if any, as the same may be amended from time to time with the approval of the Association.

(k) "Refinance Agreement" means the agreement to be entered into between ARC and SBI pursuant to Section 2.03 (b) of the Project Agreement, and all schedules thereto, if any, as the same may be amended from time to time with the approval of the Association.

(l) "loan" means a loan made or proposed to be made by SBI to a Market Committee for purposes of carrying out Part A of the Project and to be financed out of the proceeds of the Credit.

(m) "Category" means a category of the allocation of the proceeds of the Credit set forth in Schedule I to this Agreement.

Article II

THE CREDIT

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to fourteen million dollars (\$14,000,000).

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule I to this Agreement, as such Schedule shall be amended from time to time, for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed under the Development Credit Agreement; provided, however, that, except as the Association shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

Section 2.03. Except as the Association shall otherwise agree, the goods and services to be financed out of the proceeds of the Credit under

Category I shall be procured in accordance with, and subject to, the provisions set forth in Schedule 3 to this Agreement.

Section 2.04. The Closing Date shall be December 31, 1978 or such other date as shall be agreed between the Borrower and the Association.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($3/4$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Service charges shall be payable semi-annually on January 15 and July 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in semi-annual installments payable on each January 15 and July 15 commencing July 15, 1982 and ending January 15, 2022, each installment to and including the installment payable on January 15, 1992 to be one-half of one per cent ($1/2$ 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 2.08. 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.

Article III

EXECUTION OF THE PROJECT

Section 3.01. (a) The Borrower shall carry out the Project, or cause the Project to be carried out, with due diligence and efficiency and in conformity with sound financial, administrative, engineering and town planning practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) In order to assist Bihar in carrying out Parts B and C of the Project, the Borrower shall make available to Bihar the proceeds of the Credit under Category II.

(c) The Borrower shall relend the proceeds of the Credit under Category I to ARC under a subsidiary loan agreement to be entered into between the Borrower and ARC under terms and conditions satisfactory to the Association, including those set forth in Schedule 4 to this Agreement.

(d) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit, and except as the Association shall otherwise agree, the Borrower shall not assign,

Crédit au titre de la catégorie I se fera comme il est stipulé à l'annexe 3 du présent Contrat.

Paragraphe 2.04. La date de clôture sera le 31 décembre 1978, ou toute autre date dont l'Emprunteur et l'Association pourront convenir.

Paragraphe 2.05. L'Emprunteur paiera à l'Association une commission au taux annuel de trois quarts pour cent ($3/4$ p. 100) sur la partie du principal du Crédit qui aura été prélevée et n'aura pas été remboursée.

Paragraphe 2.06. Les commissions seront payables semestriellement le 15 mars et le 15 septembre de chaque année.

Paragraphe 2.07. L'Emprunteur remboursera le principal du Crédit prélevé sur le compte du Crédit par versements semestriels effectués le 15 janvier et le 15 juillet de chaque année, à partir du 15 juillet 1982 et jusqu'au 15 janvier 2022; les versements à effectuer jusqu'au 15 janvier 1992 inclus correspondront à un demi pour cent ($1/2$ p. 100) et les versements ultérieurs à un et demi pour cent ($1\frac{1}{2}$ p. 100) dudit principal.

Paragraphe 2.08. La monnaie désignée aux fins du paragraphe 4.02 des Conditions générales est celle du Royaume-Uni de Grande-Bretagne et d'Irlande du Nord.

Article III

EXÉCUTION DU PROJET

Paragraphe 3.01. a) L'Emprunteur exécutera ou fera exécuter le Projet avec la diligence voulue et dans les meilleures conditions, et suivant les règles de l'art, et les principes d'une saine gestion financière et administrative et de bonnes pratiques d'urbanisme; il fournira sans tarder, au fur et à mesure des besoins, les fonds, installations, services et autres ressources nécessaires à cette fin.

b) Pour aider le Bihar à exécuter les parties B et C du Projet, l'Emprunteur mettra à sa disposition la part du Crédit correspondant à la catégorie II.

c) L'Emprunteur reprêtera la part du Crédit correspondant à la catégorie I à l'ARC, aux termes d'un contrat d'emprunt subsidiaire à conclure entre eux et à des clauses et conditions (dont les stipulations de l'annexe 4 du présent Contrat) agréées par l'Association.

d) L'Emprunteur exercera les droits que lui confère le contrat d'emprunt subsidiaire de manière à protéger ses intérêts et ceux de l'Association et à réaliser les fins du Crédit; à moins que l'Association n'accepte qu'il en soit autrement, il n'amendera ni n'abrogera ledit contrat

amend, abrogate or waive the Subsidiary Loan Agreement or any provision thereof.

Section 3.02. The Borrower shall take and shall cause all its agencies to take all action which shall be necessary on their part to enable (i) Bihar to perform all of its obligations under the Bihar Agreement; (ii) ARC to perform all of its obligations under the Subsidiary Loan Agreement; and (iii) ARC and SBI to perform all of their respective obligations under the Project Agreement and the Refinance Agreement; and shall not take or permit to be taken any action which might interfere with the performance of any such obligations of Bihar, ARC or SBI.

Section 3.03. The operating policies and procedures for the carrying out of the Project shall be as set forth in Schedule 1 to the Project Agreement, as the same may be amended from time to time by agreement between the Borrower, Bihar, and the Association, and ARC and SBI or both to the extent such amendments affect the participation of ARC and SBI in carrying out Part A of the Project.

Section 3.04. (a) The Borrower shall insure, or cause to be insured, or make, or cause to be made, adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Credit against 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 to replace or repair such goods.

(b) Except as the Association shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Credit to be used exclusively for the Project.

Article IV

OTHER COVENANTS

Section 4.01. (a) The Borrower shall cause ARC and SBI to maintain records adequate to reflect in accordance with consistently maintained sound accounting practices their operations and financial condition.

(b) The Borrower shall cause ARC and SBI to: (i) establish and maintain separate accounts in respect of all funds disbursed and received on account of the Project; (ii) have their accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with sound auditing principles

consistently applied, by independent auditors acceptable to the Association; (iii) furnish to the Association as soon as available, but in any case not later than four months after the end of each such year, (A) certified copies of their financial statements for such year as so audited and (B) the report of such audit by said auditors of such scope and in such detail as the Association shall have reasonably requested; and (iv) furnish to the Association such other information concerning their accounts and financial statements and the audit thereof as the Association shall from time to time reasonably request.

Article V

CONSULTATION, INFORMATION AND INSPECTION

Section 5.01. The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, the Borrower and the Association shall from time to time, at the request of either party:

- (a) exchange views through their representatives with regard to the performance of their respective obligations under the Development Credit Agreement, the performance by Bihar of its obligations under the Bihar Agreement, the performance by ARC of its obligations under the Subsidiary Loan Agreement, the performance by ARC and SBI of their respective obligations under the Project Agreement and the Refinance Agreement, the administration, operations and financial condition of ARC and SBI and, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof, and other matters relating to the purposes of the Credit; and
- (b) 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, including its balance of payments, and the external debt of the Borrower, of any of its political subdivisions and of any agency of the Borrower or of any such political subdivision.

Section 5.02. (a) The Borrower shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the operations and financial condition of ARC and SBI and, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower and the Association shall promptly inform each other of any condition which interferes with, or threatens to interfere with,

the accomplishment of the purposes of the Credit, the maintenance of the service thereof, the performance by either of them of its obligations under the Bihar Agreement, the performance by ARC and SBI of their respective obligations under the Project Agreement and the Refinance Agreement.

Section 5.03. 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.

Article VI

TAXES AND RESTRICTIONS

Section 6.01. The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes imposed under the laws of the Borrower or laws in effect in its territories.

Section 6.02. The Development Credit Agreement, the Bihar Agreement and the Project Agreement shall be free from any taxes on or in connection with the execution, delivery or registration thereof, imposed under the laws of the Borrower or laws in effect in its territories.

Section 6.03. The payment of the principal of, and service charges on, the Credit shall be free from all restrictions, regulations, controls and moratoria of any nature imposed under the laws of the Borrower or laws in effect in its territories.

Article VII

REMEDIES OF THE ASSOCIATION

Section 7.01. If any event specified in Section 7.01 of the General Conditions or in Section 7.03 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 and service charges shall become due and payable immediately, anything to the contrary in the Development Credit Agreement notwithstanding.

Section 7.02. For the purposes of Section 6.02 of the General Conditions, the following additional events are specified:

- (a) Bihar shall have failed to perform any of its obligations under the Bihar Agreement.
- (b) ARC shall have failed to perform any of its obligations under the Project Agreement, the Subsidiary Loan Agreement or the Refinance Agreement.
- (c) SBI shall have failed to perform any of its obligations under the Project Agreement or the Refinance Agreement.
- (d) ARC or SBI shall have become unable to pay any of its debts as they mature or any action or proceeding shall have been taken by ARC or SBI or by others whereby any of the property of ARC or SBI shall or may be distributed among its creditors.
- (e) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of ARC, SBI or SMB or for the suspension of its operations.
- (f) An extraordinary situation shall have arisen which shall make it improbable that (i) Bihar will be able to perform its obligations under the Bihar Agreement, or (ii) ARC will be able to perform its obligations under the Subsidiary Loan Agreement, or (iii) ARC or SBI will be able to perform their respective obligations under the Project Agreement or the Refinance Agreement.

Section 7.03. For the purposes of Section 7.01 of the General Conditions, the following additional events are specified:

- (a) Any event specified in paragraph (a), (b) or (c) of Section 7.02 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower and the defaulting party.
- (b) Any event specified in paragraph (d) or (e) of Section 7.02 of this Agreement shall occur.

Article VIII

EFFECTIVE DATE; TERMINATION

Section 8.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 10.01 (b) of the General Conditions:

- (a) The Bihar Agreement has been duly executed and delivered on behalf of Bihar and has been duly authorized or ratified by all necessary governmental action.

- (b) The Project Agreement and the Refinance Agreement have been duly executed and delivered on behalf of ARC and SBI and have been duly authorized or ratified by all necessary corporate and governmental action.
- (c) The Subsidiary Loan Agreement has been duly executed and delivered on behalf of the Borrower and ARC and has been duly authorized or ratified by all necessary corporate and governmental action.
- (d) SMB has been established and the personnel referred to in Section 2.10 (a) of the Bihar Agreement have been employed by SMB.
- (e) The market fees referred to in Section 2.08 of the Bihar Agreement have been brought into effect.
- (f) SBI has appointed the personnel referred to in Section 2.06 of the Project Agreement.

Section 8.02. The following are specified as additional matters, within the meaning of Section 10.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association:

- (a) That the Bihar Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, Bihar, and constitutes a valid and binding obligation of Bihar in accordance with its terms.
- (b) That the Project Agreement and the Refinance Agreement have been duly authorized or ratified by, and executed and delivered on behalf of, ARC and SBI, respectively, and constitute valid and binding obligations of ARC and SBI in accordance with their terms.
- (c) That the Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and ARC, respectively, and constitutes a valid and binding obligation of the Borrower and ARC in accordance with its terms.

Section 8.03. The date July 31, 1972 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Section 8.04. The obligations of the Borrower under paragraphs (b), (c) and (d) of Section 3.01 of this Agreement, and Article IV of this Agreement, and the provisions of Sections 7.02 and 7.03 of this Agreement shall cease and terminate on the date on which the Development Credit Agreement shall terminate or on a date twenty-five years after the date of this Agreement, whichever shall be the earlier.

Article IX

REPRESENTATIVE OF THE BORROWER; ADDRESSES

Section 9.01. Any Secretary, Additional Secretary or Joint Secretary to the Government of India in the Ministry of Finance of the Borrower or the Director/Deputy Secretary of the Department of Economic Affairs in the Ministry of Finance of the Borrower, acting singly, is designated as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.

Section 9.02. 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

Cable address:

Ecofairs
New Delhi

For the Association:

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

Cable address:

Indevas
Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this 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 L. K. JHA
Authorized Representative

International Development Association:

By J. BURKE KNAPP
Vice President

SCHEDULE 1

WITHDRAWAL OF THE PROCEEDS OF THE CREDIT

1. The table below sets forth the categories of items to be financed out of the proceeds of the Credit, the allocation of amounts of the Credit to each category and the percentage of eligible expenditures so to be financed in each category:

<i>Category</i>	<i>Amount of the Credit Allocated (Expressed in Dollar Equivalent)</i>	<i>% of Expenditures to be Financed</i>
I. ARC's refinancing under Part A of the Project (excluding land)	12,850,000	75% of total expenditures
II. Training and evaluation	150,000	63% of total expenditures
III. Unallocated	<u>1,000,000</u>	
	TOTAL <u>14,000,000</u>	

2. For the purposes of this Schedule:

(a) The term "foreign expenditures" means expenditures for goods produced in, or services supplied from, the territories, and in the currency, of any member of the Bank (other than the Borrower) or of Switzerland;

(b) The term "local expenditures" means expenditures in the currency of the Borrower, or for goods produced in, or services supplied from, the territories of the Borrower; and

(c) The term "total expenditures" means the aggregate of foreign and local expenditures.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

(a) expenditures prior to the date of this Agreement; and

(b) payments for taxes imposed under the laws of the Borrower or laws in effect in its territories on goods or services, or on the importation, manufacture, procurement or supply thereof. To the extent that the amount represented by the percentage set forth in the third column of the table in paragraph 1 above in respect of any Category would exceed the amount payable net of all such taxes, such percentage shall be reduced to ensure that no proceeds of the Credit will be withdrawn on account of payments for such taxes.

4. Notwithstanding the allocation of an amount of the Credit set forth in the second column of the table in paragraph 1 above:

(a) if the estimate of the expenditures under Category I or II shall decrease, the amount of the Credit then allocated to such Category and no longer required therefor will be reallocated by the Association by increasing correspondingly the unallocated amount of the Credit;

(b) if the estimate of the expenditures under Category I or II shall increase, the percentage set forth in the third column of the table in paragraph 1 above in

respect of such expenditures shall be applied to the amount of such increase, and a corresponding amount will be allocated by the Association, at the request of the Borrower, to such Category from the unallocated amount of the Credit, subject, however, to the requirements for contingencies, as determined by the Association, in respect of any other expenditures; and

- (c) if the Association shall have reasonably determined that the procurement of any item in any Category is inconsistent with the procedures set forth or referred to in Section 2.03 of this Agreement, no expenditures for such item shall be financed out of the proceeds of the Credit and the Association may, without in any way restricting or limiting any other right, power or remedy of the Association under the Development Credit Agreement, by notice to the Borrower, cancel such amount of the Credit as in the Association's reasonable opinion represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Credit.

5. Notwithstanding the percentages set forth in the third column of the table in paragraph 1 above, if the estimate of total expenditures under Category II shall increase and no proceeds of the Credit are available for reallocation to such Category, the Association may, by notice to the Borrower, adjust the percentage then applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made.

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project, which forms part of a program to develop regulated agricultural markets throughout the territories of the Borrower, consists of the following:

Part A. The provision of facilities (including *inter alia* land, equipment, entrance roads, fencing, utilities and office space) for such regulated markets, owned and controlled by the Market Committees, in about 50 towns in Bihar.

Part B. The training of (i) senior personnel of SMB; (ii) market secretaries of the Market Committees; and (iii) qualified grading inspectors.

Part C. The evaluation of the marketing function in a sample of towns under the Project, before and after the completion of the facilities under Part A.

The Project is expected to be completed by June 30, 1978.

SCHEDULE 3

PROCUREMENT

1. TPO shall prepare a series of model market lay-outs and REO shall prepare model plans, specifications and tender documents which shall be furnished to the Association for its approval within 3 months after the Effective Date.

2. With regard to any contract for the construction of market facilities under the Project:

- (a) TPO shall prepare the lay-out for each individual market; and
- (b) REO shall prepare the detailed plans and specifications and tender documents for each individual market.

3. If any model lay-outs, plans and specifications and tender documents approved by the Association for a particular market facility shall be changed or modified in a material respect, said lay-outs, plans and specifications and tender documents as so changed or modified shall be furnished to the Association before any advertising for tenders for construction of such market facility is made. The Association shall within 30 days after receipt of such changed or modified lay-outs, plans, specifications and tender documents comment thereon or object thereto. Such lay-outs, plans, specifications and tender documents shall be further modified in such manner as the Association shall reasonably request, before any advertising for tenders for the construction of such market facility shall be made. No such tenders shall be advertized should the Association reasonably object to said lay-outs, plans, specifications and tender documents within said period of 30 days.

4. The bidding procedures shall be carried out according to the laws and procedures applicable to civil works contracts of Bihar. Awards shall be made subject to the final approval of SMB.

5. REO shall be responsible for the supervision of the construction and the approval of all payments to contractors.

6. After final certification of completion by REO, a retention of 10% of the amounts due to the contractor in respect of the contract shall be withheld until final approval and acceptance by the Market Committee and SMB of the facility or facilities constructed.

SCHEDULE 4

PRINCIPAL TERMS OF RELENDING AGREEMENT

Lending Terms to ARC from the Borrower

- (a) Term: 15 years;
- (b) Repayment terms: annual with a grace period of up to 3 years (if any);

- (c) Interest rate: 6% per annum, with $\frac{1}{4}\%$ rebate for prompt repayment of principal and interest; and
- (d) Exchange risk: for the account of the Borrower.

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.*]
