

No. 12081

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
INDIA**

Development Credit Agreement—*Pochampad Irrigation Project* (with schedules and General Conditions Applicable to Development Credit Agreements). Signed at Washington on 23 August 1971

Authentic text: English.

Registered by the International Development Association on 17 October 1972.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
INDE**

Contrat de crédit de développement — *Projet d'irrigation de Pochampad* (avec annexes et Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 23 août 1971

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 17 octobre 1972.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated August 23, 1971, 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) The Project will be carried out by the State of Andhra Pradesh with the Borrower's assistance and, as part of such assistance, the Borrower will make available to the State of Andhra Pradesh the proceeds of the Credit as hereinafter provided; and

(C) The Association is willing to make the Credit available upon the terms and conditions set forth hereinafter and in a project agreement of even date herewith² between the Association and the State of Andhra Pradesh;

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):

(a) Section 5.01 is deleted;

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

(c) paragraph 5 of Section 2.01 is amended to read as follows:

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

(d) the words “, the Project Agreement” are added after the words “Development Credit Agreement” in Section 6.06; and

(e) the words “or the Project Agreement” are added after the words “Development Credit Agreement” in Section 8.02.

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) “Project Agreement” means the agreement between the Association and the State of Andhra Pradesh of even date herewith, as the same may be amended from time to time, and such term includes all schedules to the Project Agreement, if any;

(b) “Andhra Pradesh” means the State of Andhra Pradesh, a state of India, or any successor thereof;

¹ Came into force on 15 November 1971, upon notification by the Association to the Government of India.

² The said Agreement entered into force on 15 November 1971. As it does not constitute an international agreement or a part of the present Agreement, it is not reproduced herein. However, it was published by the Association as document CN 268 IN, a certified true copy of which was transmitted to the Secretariat together with the documentation submitted for registration of the present Development Credit Agreement.

³ See p. 15 of this volume.

(c) "CWPC" means the Central Water and Power Commission, an agency of the Borrower;

(d) "Project Area" means the gross area of about 240,000 hectares in the Karimnagar and Nizamabad districts of Andhra Pradesh of which about 100,000 hectares will receive irrigation water upon completion of the Project;

(e) "PWD" means the Public Works Department of Andhra Pradesh;

(f) "Rs" means rupees in the currency of the Borrower; and

(g) "SGD" means the State Groundwater Directorate established by Order G.O.Ms No.234, dated February 18, 1971, of the Government of Andhra Pradesh.

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 thirty-nine million dollars (\$39,000,000).

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 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 required for the Project and to be financed out of the proceeds of the Credit 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 March 31, 1977, 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 ($\frac{3}{4}$ 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 February 15 and August 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 February 15 and August 15 commencing August 15, 1981 and ending February 15, 2021, each installment to and including the installment payable on February 15, 1991, 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 2.08. 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, or cause to be carried out, the Project with due diligence and efficiency and in conformity with sound administrative,

agricultural, engineering and financial practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) The Borrower shall relend the equivalent of the proceeds of the Credit in respect of Categories II, III, IV and V of the allocation of the proceeds of the Credit set forth in Schedule 1 to this Agreement to Andhra Pradesh for the Project in accordance with the Borrower's standard arrangements for loans to states of India for development projects.

(c) The Borrower shall cause Andhra Pradesh to make arrangements in its annual development plans for the provision of funds required for the implementation of the Project in accordance with a detailed schedule of construction which shall be acceptable to the Association.

(d) The Borrower shall take and shall cause all its agencies to take all action which shall be necessary on their part to enable Andhra Pradesh to perform all of its obligations under the Project Agreement and shall not take or permit to be taken any action which might interfere with such performance.

(e) The Borrower shall promptly grant permission to import all goods which are not procured locally and which are necessary to carry out the Project, and no reviews of such permission to import shall be made by the Borrower or by any of its agencies. The Borrower shall (i) promptly upon receipt of the appropriate applications, issue, or cause to be issued, such import licenses as shall be required for such purpose and (ii) make available, or cause to be made available, promptly as needed, all foreign exchange which shall be required for such purpose.

(f) With respect to locally produced goods which are required for the Project and which are subject to allocation, the Borrower shall, whether or not the goods are financed out of the proceeds of the Credit, make, or cause to be made, allocations of such goods promptly and in such quantities as shall be required to carry out the Project.

(g) Except as the Association shall otherwise agree, the Borrower shall make organizational and administrative arrangements satisfactory to the Association to assure the Borrower's continuing involvement in and association with the implementation of the engineering and agricultural aspects of the Project.

Section 3.02. The Borrower shall make arrangements within one year after the date of this Agreement for the procurement of the mapping equipment which is to be financed out of the proceeds of the Credit in respect of Category I of the allocation of the proceeds of the Credit set forth in Schedule 1 to this Agreement and shall cause the Survey of India to produce maps, as and when needed by Andhra Pradesh for the Project area and areas included in subsequent phases of the scheme of which the Project is a part.

Section 3.03. The Borrower shall cause CWPC to assign competent and experienced staff as and when CWPC shall consider necessary to review work at the dam site, including design changes and quality control. CWPC shall certify that the major components of the dam, when completed, have been carried out in accordance with the designs and specifications of CWPC.

Section 3.04. In carrying out Part A (1)-(5) of the Project, the Borrower shall cause Andhra Pradesh to employ suitably qualified contractors under the procedures set out in Schedule 3 to this Agreement upon terms and conditions satisfactory to the Association.

Section 3.05. 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 until its completion. The Association agrees that the mapping equipment referred to in Section 3.02 of this Agreement may be used for non-Project purposes, provided that such use does not interfere with production of the maps referred to in such Section 3.02.

Section 3.06. (a) The Borrower shall cause to be furnished to the Association, promptly upon their preparation, the plans, specifications, reports, contract documents and work procurement schedules for the Project, and any material modifications thereof or additions thereto, in such detail as the Association shall reasonably request.

(b) The Borrower shall or shall cause Andhra Pradesh to: (i) maintain records adequate to record the progress of the Project (including the cost thereof), to identify the goods and services financed out of the proceeds of the Credit, and to disclose the use thereof in the Project; (ii) enable the Association's representatives to inspect the Project, the goods financed out of the proceeds of the Credit and any relevant records and documents, and (iii) furnish to the Association all such information as the Association shall reasonably request concerning the Project, the expenditure of the proceeds of the Credit and the goods and services financed out of such proceeds.

Section 3.07. The Borrower shall insure or cause to be insured, or make or cause to be made, adequate provision for the insurance of the 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 by Andhra Pradesh to replace or repair such goods. The Borrower shall also cause Andhra Pradesh to keep the Association informed of such insurance arrangements.

Section 3.08. The Borrower shall cause to be taken all such action as shall be necessary to acquire as and when needed all such land and rights in respect of land as shall be required for the construction and operation of the facilities included in Part A of the Project and for carrying out Part C of the Project and shall furnish to the Association, promptly after such acquisition, evidence satisfactory to the Association that such land and rights in respect of land are available for purposes related to the Project.

Article IV. OTHER COVENANTS

Section 4.01. The Borrower shall maintain or cause to be maintained records adequate to reflect, in accordance with consistently maintained sound accounting practices, the operations, resources and expenditures, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

Section 4.02. Prior to December 31, 1972, the Borrower shall discuss with the Association the implementation of the recommendations which result from the study to be carried out by Andhra Pradesh pursuant to Section 3.02 (a) (iii) of the Project Agreement.

Section 4.03. The Borrower shall, or shall cause Andhra Pradesh to, take out and maintain with responsible insurers, or to make other provisions satisfactory to the Association for, insurance of goods related to the Project against such risks and in such amounts as shall be consistent with sound practice and to keep the Association informed as to such insurance arrangements.

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 Andhra Pradesh of its obligations under the Project Agreement, and, in respect of the Project, the administration, operations and resources and expenditures of Andhra Pradesh and 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, in respect of the Project, the administration, operations, and resources and expenditures of Andhra Pradesh and 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 Development Credit Agreement or the performance by Andhra Pradesh of its obligations under the Project Agreement.

Section 5.03. The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to inspect all installations, sites, works, buildings, property and equipment which is related to the Project and any relevant records and documents and 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 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) Andhra Pradesh shall have failed to perform any obligation under the Project Agreement.
- (b) An extraordinary situation shall have arisen which shall make it improbable that Andhra Pradesh will be able to perform its obligations under the Project Agreement.

Section 7.03. For the purposes of Section 7.01 of the General Conditions, the following additional event is specified, namely, the event specified in Section 7.02 (a) 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.

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 execution and delivery of the Project Agreement on behalf of Andhra Pradesh have been duly authorized or ratified by all necessary corporate and governmental action.
- (b) Andhra Pradesh shall have appointed a Project Coordinator with suitable rank, powers and responsibilities, after consultation with the Association with respect to the experience and qualifications required for this post.

Section 8.02. The following is specified as additional matter, 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:

That the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, Andhra Pradesh, and constitutes a valid and binding obligation of Andhra Pradesh in accordance with its terms.

Section 8.03. The date November 15, 1971 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Article IX. REPRESENTATIVE OF THE BORROWER; ADRESSE.

Section 9.01. Any Secretary, Additional Secretary or Joint Secretary to the Government of India in the Ministry of Finance or a Director of the Department of Economic Affairs in the Ministry of Finance 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 representative 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 LAKSHMI KANT 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. Photo mapping equipment and supplies	360,000	100% of total expenditures
II. Equipment and materials	3,140,000	100% of total expenditures
III. Spares for plant and equipment	1,300,000	100% of total expenditures
IV. Civil works carried out by contract	30,200,000	80% of local expenditures
V. Civil works carried out by PWD force account	<u>4,000,000</u>	80% of local expenditures
TOTAL	<u>39,000,000</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 country other than the Borrower;

(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 July 6, 1971; 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. (a) Notwithstanding the allocation of an amount of the Credit set forth in the second column of the table in paragraph 1 above, if the estimate of the expenditures under Category V 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 amount allocated to Category IV and the Association will increase correspondingly (up to a maximum of 100% net of taxes) the percentage applicable to Category IV.

(b) The Association from time to time with the consent of the Borrower may revise the percentage of local expenditures in Category IV, so as to reflect revised estimates of expenditures in such Category.

5. If any contract for the procurement of any item included in any Category shall have been awarded according to procedures inconsistent with those set forth or referred to in Section 2.03 of this Agreement, or if the Association shall have reasonably objected to any such contract on the ground that the procurement procedure followed is inconsistent with the procedures set forth or

referred to in such Section 2.03, or if the terms and conditions of any such contract shall, without the Association's prior concurrence, materially differ from those on the basis of which bids were asked, the Association may, by notice to the Borrower, cancel such amount of the Credit and correspondingly reduce the amount allocated to the relevant Category, as the Association shall reasonably determine to represent the portion of total expenditures under such contract which would have been eligible for financing out of the proceeds of the Credit, had the procurement procedures followed not been inconsistent with those set forth or referred to in such Section 2.03.

6. Notwithstanding the percentages set forth in the third column of the table in paragraph 1 above, if the estimate of expenditures under Category IV or V shall increase and, with respect to Category IV, no proceeds of the Credit are available for reallocation thereto, 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 consists of the comprehensive development for perennial irrigated agriculture of a net area of about 100,000 hectares along the bank of the Godavari River. It includes:

Part A.

- (1) Construction of an earth-fill and masonry dam with a crest length of about 14.6 km. The earthen embankments will be at elevation 334 meters and the spillway crest at a temporary elevation of 318.5 meters.
- (2) Completion of the remaining excavation and structures for the first 113 km of the Godavari South main canal.
- (3) Installation of concrete lining along the first 113 km of the main canal.
- (4) Construction of branch and distributory canals; minor canals, including gated outlets to serve no more than 40 ha each; and field channels to each holding.
- (5) Improvement of natural drainage ways and construction of new field drains.
- (6) Construction of about 460 km of new village roads.

Part B.

Land shaping, levelling and bunding of fields where necessary.

Part C.

Resettlement of the population of the area submerged by the reservoir.

Part D.

- (1) Carrying out of studies to determine:
 - (a) crop irrigation requirements, water losses and movements of the water table;
 - (b) the need for additional marketing, storage and processing facilities in the area; and
 - (c) the recovery of Project costs.
- (2) Preparation for further development, including air photography, mapping and feasibility studies for the development of the full potential of the reservoir.

Part E.

Improvement of agricultural support programs, including farm credit, and strengthening of the agricultural extension program.

The Project is expected to be completed by June 30, 1976.

SCHEDULE 3

PROCUREMENT

1. With respect to goods required for the Project and to be financed out of the proceeds of Category II of the table set out in paragraph 1 of Schedule 1 to this Agreement:

(a) Such goods shall be procured on the basis of international competition under procedures consistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in August 1969, as revised in May 1971, and with the requirements contained in paragraph 1 of this Schedule.

(b) With respect to any contract for such goods estimated to cost the equivalent of \$10,000 or more:

(i) Before bids are invited, the Borrower shall furnish to the Association, for its comments, the text of the invitations to bid and the specifications and other bidding documents, together with a description of the advertising procedures to be followed for the bidding, and shall make such modifications in the said documents or procedures as the Association shall reasonably request. Any further modification to the bidding documents shall require the Association's concurrence before it is issued to the prospective bidders.

(ii) After bids have been received and evaluated, the Borrower shall, before a final decision on the award is made, inform the Association of the name of the bidder to whom it intends to award the contract and shall furnish to the Association, in sufficient time for its review, a detailed report on the evaluation and comparison of the bids received, together with the reasons for the intended award. The Association shall promptly inform the Borrower whether it has any objection to the intended award on the ground that it would be inconsistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits* referred to in paragraph 1(a) of this Schedule or with the Development Credit Agreement, and shall state the reasons for any objections it may have.

(iii) If the contract shall be awarded over the Association's reasonable objection, or if its terms and conditions shall, without the Association's concurrence, materially differ from those on which bids were asked, no expenditure thereunder shall be financed out of the proceeds of the Credit.

(iv) Two conformed copies of the contract shall be furnished to the Association promptly after its execution and prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of any such contract.

(c) For the purpose of evaluating bids for such goods and associated services, bid prices shall be determined and compared in accordance with the following rules:

(i) The term "Local Bid" means a bid submitted by a manufacturer established in the territories of the Borrower for goods manufactured or processed to a substantial extent (as reasonably determined by the Association) in such territories; any other bid shall be deemed to be a "Foreign Bid"

(ii) The bid price under a Local Bid shall be the sum of the following amounts:

(a) the ex-factory price of such goods; and

(b) inland freight, insurance and other costs of delivery of such goods to the place of their use or installation.

(iii) For the purpose of comparing any Foreign Bid with any Local Bid, the bid price under a Foreign Bid shall be the sum of the following amounts:

(a) the c.i.f. price of such goods;

(b) the amount of any taxes on the importation of such goods into the territories of the Borrower which generally apply to non-exempt importers, or 15% of the amount specified in paragraph 1(c) (iii) (a) above, whichever shall be the lower; and

(c) handling charges, inland freight, insurance and other costs of delivery of such goods to the place of their use or installation.

(d) With respect to any other contract for such goods, the Borrower shall furnish to the Association, promptly after its execution and prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of any such contract, two conformed copies of such contract. The Association shall promptly inform the Borrower if it finds that the award of the contract is not consistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits* referred to in paragraph 1 (a) of this Schedule or with the Development Credit Agreement and, in such event, no expenditure under such contract shall be financed out of the proceeds of the Credit.

2. With respect to goods required for the Project and to be financed out of the proceeds of the Credit in respect of Categories I and III of the allocation of the proceeds of the Credit set forth in Schedule I to this Agreement, the Borrower shall furnish to the Association, promptly after its execution and prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of any such contract, two conformed copies of such contract.

3. With respect to the civil works to be financed out of the proceeds of Category IV of the table set out in paragraph 1 of Schedule I to this Agreement:

(a) For contracts relating to the canal tunnel, the syphon on the main canal, and the lining of the main canal which shall be divided into not more than 4 contracts, the following procedure shall be applied:

- (i) Bids will be invited from Indian companies by advertisement in national and local newspapers.
- (ii) If bidders are required to prequalify, or if bidding is limited to contractors registered with PWD, the Borrower shall inform the Association in detail of the procedure to be followed for prequalification or registration and shall introduce such modifications in said procedure as the Association shall reasonably request. The list of prequalified or registered bidders, together with a statement of their qualifications and of the reasons for the exclusion of any applicant for prequalification or registration, shall be furnished by the Borrower to the Association for its comments before the applicants are notified and the Borrower shall make such additions or deletions from the said list as the Association shall reasonably request.
- (iii) Before bids are invited, the Borrower shall furnish to the Association, for its comments, the text of the invitations to bid and the specifications and other bidding documents, together with a description of the advertising procedures to be followed for the bidding, and shall make such modifications in the said documents or procedures as the Association shall reasonably request. Any further modification to the bidding documents shall require the Association's concurrence before it is issued to the prospective bidders.
- (iv) After bids have been received and evaluated, the Borrower shall, before a final decision on the award is made, inform the Association of the name of the bidder to whom it intends to award the contract and shall furnish to the Association, in sufficient time for its review, a detailed report on the evaluation and comparison of the bids received, together with the reasons for the intended award. The Association shall promptly inform the Borrower whether it has any objection to the intended award on the ground that it would be inconsistent with these requirements or with the Development Credit Agreement, and shall state the reasons for any objections it may have.
- (v) If the contract shall be awarded over the Association's reasonable objection, or if its terms and conditions shall, without the Association's concurrence, materially differ from those on which bids were asked, no expenditure thereunder shall be financed out of the proceeds of the Credit.
- (vi) Two conformed copies of the contract shall be furnished to the Association promptly after its execution and prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of any such contract.

(b) Except as the Association shall otherwise agree, contracts relating to the excavation of the main canal and branch canal No. D/83, the following procedure shall be applied:

- (i) works shall be offered in contracts of not less than Rs. 2.5 million each;
- (ii) not less than three such contracts for similar or related works shall be grouped together for the purposes of tendering. Bidders shall be invited to tender for individual contracts or any groups of contracts and may limit their bids to such groups only;
- (iii) for the purpose of evaluating bids for such groups of contracts, bid prices shall be determined and compared in accordance with the following rules which shall be clearly set out in calling for bids:
 - (a) Bids relating to one contract shall be examined and the lowest responsive bid for each contract shall be the "lowest single bid".
 - (b) Bids for more than one contract shall be examined and the lowest responsive bid for any two or more contracts shall be the "lowest aggregated bid" for that combination of contracts.
 - (c) The sum of the "lowest single bids" for each combination of two or more contracts shall be compared with the "lowest aggregated bid" for that combination. The award shall be made to the bidder submitting the "lowest aggregated bid" if it is lower than the sum of the "lowest single bids"; otherwise awards shall be made to the bidders submitting the "lowest single bid".
- (c) For other civil works excluding the excavation of the main canal and branch canal No. D/83, contracts shall be let in accordance with the normal procedures of the PWD.

4. With respect to the civil works to be financed out of the proceeds of Category V of the table set out in paragraph 1 of Schedule 1 to this Agreement, works shall be carried out by force account.

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.]