

No. 12597

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
INDIA**

**Development Credit Agreement—*Wheat Storage Project*
(with schedule and General Conditions Applicable to
Development Credit Agreements). Signed at Wash-
ington on 23 August 1971**

Authentic text: English.

Registered by the International Development Association on 14 June 1973.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
INDE**

**Contrat de crédit de développement — *Projet relatif au
stockage du blé* (avec annexe 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 14 juin 1973.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT dated August 23, 1971 between INDIA, acting by its President, (hereinafter called India) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) India has requested a credit from the Kingdom of Sweden (hereinafter called Sweden) and a credit from the Association, to assist in the financing of a project for the storage of wheat by the Food Corporation of India (hereinafter called the Corporation);

(B) By an agreement of even date herewith² (hereinafter called the Swedish Credit Agreement) Sweden has agreed to make available to India for relending to the Corporation for such a project, a credit (hereinafter called the Swedish Credit) in a principal amount of twenty-six million Swedish Kronor (SKr26,000,000) equivalent at present parity rate to approximately five million dollars (\$5,000,000) upon terms and conditions set forth in the Swedish Credit Agreement;

(C) By an agreement of even date herewith,³ India, Sweden, the Association and the Corporation have agreed on the allocation, withdrawal, and use of the proceeds of the credits referred to in Recital (B) hereof and the execution of the project to be financed thereby, as well as on other matters; and

(D) The Association has, on the basis of the foregoing, agreed to make a development credit to India 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, 1969,⁴ with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 1 to this Development Credit Agreement (the said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions).

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 term "Joint Financing Agreement" means the agreement of even date herewith, referred to in Recital (C) to this Agreement, between India, Sweden, the Association and the Corporation, as the same may be amended from time to time by agreement of the parties thereto.

Article II. THE ASSOCIATION CREDIT

Section 2.01. The Association agrees to lend to India, on the terms and conditions in this Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to five million dollars (\$5,000,000) (hereinafter called the Association Credit).

¹ Came into force on 14 November 1972, upon notification by the Association to the Government of India.

² See p. 87 of this volume.

³ See p. 63 of this volume.

⁴ See p. 55 of this volume.

Section 2.02. The amount of the Association Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Development Credit Agreement and in accordance with Article II of the Joint Financing Agreement; provided, however, that, except as the Association shall otherwise agree, no withdrawals from the Credit Account shall be made on account of expenditures in the territories of any country which is not a member of the Association (other than Switzerland) or for goods produced in, or services supplied from, such territories.

Section 2.03. The Closing Date shall be September 30, 1975, or such other date as shall be agreed between India and the Association.

Section 2.04. India 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 Association Credit withdrawn and outstanding from time to time.

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

Section 2.06. India shall repay the principal amount of the Association Credit withdrawn from the Credit Account in semi-annual installments payable on each June 15 and December 15 commencing June 15, 1981 and ending December 15, 2020, each installment to and including the installment payable on December 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.

Section 2.07. 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 2.08. The Corporation is designated as representative of India for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Development Credit Agreement and Article II of the Joint Financing Agreement.

Article III. EXECUTION OF THE PROJECT

Section 3.01. (a) India shall cause the Corporation to carry out the Project described in Schedule 1 to the Joint Financing Agreement (hereinafter called the Project) with due diligence and efficiency and in conformity with sound engineering, administrative and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) India shall relend the proceeds of the Association Credit to the Corporation under a subsidiary loan agreement to be entered into between India and the Corporation on terms and conditions which shall have been approved by the Association.

(c) India shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of India and the Association and to accomplish the purposes of the Association Credit, and except as the Association shall otherwise agree, India shall not assign, nor amend, abrogate or waive the Subsidiary Loan Agreement or any provision thereof.

(d) India shall take and shall cause all its agencies to take all action which shall be necessary on their part to enable the Corporation to perform all of its obligations under the Joint Financing Agreement and the Subsidiary Loan Agreement and shall not take or permit to be taken any action which might interfere with such performance.

Article IV. CONSULTATION, INFORMATION AND INSPECTION

Section 4.01. India and the Association shall cooperate fully to assure that the purposes of the Association Credit will be accomplished. To that end, India 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 administration, operations and financial condition of the Corporation and of the departments or agencies of India responsible for carrying out the Project or any part thereof, and other matters relating to the purposes of the Association Credit; and
- (b) furnish to the other all such information as it shall reasonably request with regard to the general status of the Association Credit. On the part of India, such information shall include information with respect to financial and economic conditions in the territories of India, including its balance of payments, and the external debt of India, of any of its political subdivisions and of any agency of India or of any such political subdivision.

Section 4.02. (a) India 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 the Corporation and, in respect of the Project, the operations of the departments or agencies of India responsible for carrying out the Project or any part thereof.

(b) India shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Association Credit, the maintenance of the service thereof or the performance by India of its other obligations under the Development Credit Agreement or the performance by the Corporation of its obligations under the Joint Financing Agreement and the Subsidiary Loan Agreement.

Section 4.03. India shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of India for purposes related to the Association Credit.

Article V. TAXES AND RESTRICTIONS

Section 5.01. The principal of, and service charges on, the Association Credit shall be paid without deduction for, and free from, any taxes imposed under the laws of India or laws in effect in its territories.

Section 5.02. The Development Credit Agreement and the Joint Financing Agreement shall be free from any taxes on or in connection with the execution, delivery or registration thereof, imposed under the laws of India or laws in effect in its territories.

Section 5.03. The payment of the principal of, and service charges on, the Association Credit shall be free from all restrictions, regulations, controls and moratoria of any nature imposed under the laws of India or laws in effect in its territories.

Article VI. REMEDIES OF THE ASSOCIATION

Section 6.01. If any event specified in Section 7.01 of the General Conditions or in Section 6.02 of this Development Credit 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 India declare the principal of the Association 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 this Development Credit Agreement notwithstanding.

Section 6.02. For the purposes of Section 7.01 of the General Conditions, the following additional events are specified:

- (a) The outstanding principal of the credit provided for in the Swedish Credit Agreement shall have been declared, or become, due and payable in advance of the agreed maturity thereof in accordance with its terms;
- (b) A default shall have occurred in the performance of any covenant or agreement on the part of India or the Corporation under the Joint Financing Agreement and such default shall have continued for a period of sixty days after notice thereof shall have been given by the Association to India and the Corporation;
- (c) The Corporation shall have become unable to pay its debts as they mature or any action or proceeding shall have been taken by the Corporation or by others whereby any of the property of the Corporation shall or may be distributed among its creditors; and
- (d) India or any other authority having jurisdiction shall have suspended, terminated, repealed or amended the Food Corporations Act, 1964 or the Food Corporations Rules, 1965, in such a way as to alter substantially the organization, powers or responsibilities of the Corporation so as to affect adversely the Project.

Section 6.03. For the purposes of Section 6.02 of the General Conditions, the following additional event is specified:

The right of India to withdraw the proceeds of the credit provided for in the Swedish Credit Agreement shall have been suspended, or, India shall have been unable to withdraw such proceeds, in whole or in part, and India shall have failed to obtain funds for the Project from other sources in substitution therefor, on terms and conditions satisfactory to the Association, and such event shall have continued for a period of 120 days.

Article VII. EFFECTIVE DATE; TERMINATION

Section 7.01. The following events are specified as additional conditions to the effectiveness of this Development Credit Agreement within the meaning of Section 10.01 (b) of the General Conditions:

- (a) that the execution and delivery of the Swedish Credit Agreement referred to in Recital (B) to this Development Credit Agreement on behalf of India shall have been duly authorized or ratified by all necessary governmental action;
- (b) that the execution and delivery of the agreement providing for the relending of the proceeds of the Swedish Credit on behalf of India and the Corporation shall have been duly authorized or ratified by all necessary governmental or corporate action;
- (c) that the execution and delivery of the subsidiary loan agreement providing for the relending of the proceeds of the Association Credit on behalf of India and the Corporation and referred to in Section 3.01 (b) of this Development Credit Agreement shall have been duly authorized or ratified by all necessary governmental or corporate action; and
- (d) that the execution and delivery of the Joint Financing Agreement on behalf of India and the Corporation shall have been duly authorized or ratified by all necessary

governmental or corporate action and (i) the engineering consultants referred to in Section 3.02 (a) of the Joint Financing Agreement have been appointed and (ii) the Corporation has acquired the sites referred to in Section 3.04 of the Joint Financing Agreement.

Section 7.02. 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 Swedish Credit Agreement referred to in Recital (B) to this Development Credit Agreement has been duly authorized and delivered on behalf of India, that all acts, consents and approval necessary therefor have been duly and validly performed or given, and that such Swedish Credit Agreement constitutes a valid and binding obligation of India in accordance with its terms;
- (b) that the said agreement providing for the relending of the proceeds of the Swedish Credit has been duly authorized and delivered on behalf of India and the Corporation, that all acts, consents and approvals necessary therefor have been duly and validly performed or given, and that the said agreement constitutes a valid and binding obligation of the parties thereto in accordance with its terms;
- (c) that the said subsidiary loan agreement providing for the relending of the Association Credit has been duly authorized and delivered on behalf of India and the Corporation, that all acts, consents and approvals necessary therefor have been duly and validly performed or given, and that the said subsidiary loan agreement constitutes a valid and binding obligation of the parties thereto in accordance with its terms; and
- (d) that the Joint Financing Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, India and the Corporation, that all acts, consents and approvals necessary therefor have been duly and validly performed or given, and that the Joint Financing Agreement constitutes a valid and binding obligation of India and the Corporation in accordance with its terms.

Section 7.03. The date November 15, 1971 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Article VIII. MISCELLANEOUS

Section 8.01. 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 as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.

Section 8.02. The following addresses are specified for the purposes of Section 9.01 of the General Conditions:

For India:

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 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 LAKSHMI KANT JHA
Authorized Representative

International Development Association:

By J. BURKE KNAPP
Vice President

SCHEDULE 1

MODIFICATIONS OF GENERAL CONDITIONS

For the purposes of this Development Credit Agreement, the provisions of the General Conditions are modified as follows:

(a) By the deletion of the word "Borrower" wherever the same shall occur and the substitution therefor of the word "India". Wherever the context shall require there shall be made all such grammatical changes as shall be consequential upon the aforesaid deletion and substitution.

(b) By the deletion of the words "Development Credit Agreement" and the substitution therefor of the words "Joint Financing Agreement" in paragraph 9 of Section 2.01 of Article II.

(c) By the addition of the following definition to Section 2.01 of Article II namely:

"13. The term 'India' means India, acting by its President."

(d) By the deletion of Sections 5.01, 5.03, 5.04, 5.05, 5.06 and 5.07 of Article V.

(e) By the addition of the words "and the Joint Financing Agreement" after the words "the Development Credit Agreement" wherever they appear in Sections 8.01 and 8.02 of Article VIII.

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.]