

No. 12598

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**INTERNATIONAL DEVELOPMENT ASSOCIATION,  
INDIA, SWEDEN and FOOD CORPORATION OF INDIA**

**Joint Financing Agreement—*Wheat Storage Project* (with  
schedules). Signed at Washington on 23 August 1971**

*Authentic text: English.*

*Registered by the International Development Association on 14 June 1973.*

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**ASSOCIATION INTERNATIONALE DE  
DÉVELOPPEMENT, INDE, SUÈDE et FOOD  
CORPORATION OF INDIA**

**Contrat de financement conjoint — *Projet relatif au sto-  
ckage du blé* (avec annexes). Signé à Washington le  
23 août 1971**

*Texte authentique : anglais.*

*Enregistré par l'Association internationale de développement le 14 juin 1973.*

## JOINT FINANCING AGREEMENT<sup>1</sup>

AGREEMENT, dated August 23, 1971, between INDIA, acting by its President (hereinafter called India), the KINGDOM OF SWEDEN (hereinafter called Sweden), INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association) and FOOD CORPORATION OF INDIA, a corporation established and existing under the laws of India (hereinafter called the Corporation).

WHEREAS by a development credit agreement with India of even date herewith,<sup>2</sup> Sweden has agreed to make available to India for relending to the Corporation a 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) for the purpose of assisting in the financing of the Project described in Schedule 1 to this Agreement;

WHEREAS by a further development credit agreement of even date herewith,<sup>3</sup> the Association has agreed to make available to India for relending to the Corporation a credit in a principal amount in various currencies equivalent to five million dollars (\$5,000,000) for the same purpose; and

WHEREAS the parties hereto have agreed on the allocation, withdrawal and use of the proceeds of such credits and the execution of the Project to be financed thereby, as well as on other matters, as hereinafter provided;

NOW THEREFORE the parties hereto hereby agree as follows:

### Article I. DEFINITIONS

*Section 1.01.* Unless the context otherwise requires, the following terms wherever used in this Agreement shall have the following meanings:

(a) The term "Swedish Credit Agreement" means the development credit agreement referred to in the first Recital to this Agreement, as from time to time amended.

(b) The term "Association Credit Agreement" means the development credit agreement referred to in the second Recital to this Agreement, as from time to time amended.

(c) The term "Swedish Credit" means the credit provided for in the Swedish Credit Agreement.

(d) The term "Association Credit" means the credit provided for in the Association Credit Agreement.

(e) The terms "Swedish Credit Account" and "Association Credit Account" mean the respective accounts established under the Swedish Credit Agreement and the Association Credit Agreement.

(f) The term "Project" means the Project described in Schedule 1 to this Agreement.

(g) The term "Swedish Relending Agreement" means the agreement of even date herewith between India and the Corporation, as from time to time amended.

(h) The term "Subsidiary Loan Agreement" means the agreement of even date herewith between India and the Corporation, as from time to time amended.

<sup>1</sup> Came into force on 14 November 1972, upon notification by the Association to the Parties concerned.

<sup>2</sup> See p. 87 of this volume.

<sup>3</sup> See p. 49 of this volume.

*Article II. ALLOCATION AND WITHDRAWALS OF PROCEEDS  
OF SWEDISH CREDIT AND ASSOCIATION CREDIT*

*Section 2.01.* Subject to the rights of suspension and cancellation set forth in the Swedish Credit Agreement and the Association Credit Agreement and subject to the provisions of Section 2.02 of the Association Credit Agreement, the amount of the Swedish Credit and the Association Credit may be withdrawn from the Swedish Credit Account or the Association Credit Account, respectively, in accordance with the provisions of this Agreement and with the allocation of the proceeds of the Swedish Credit and Association Credit set forth in Schedule 2 to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between Sweden, the Association and the Corporation.

*Section 2.02.* The Corporation shall be entitled on behalf of India to withdraw from the Swedish Credit Account and from the Association Credit Account such amounts as shall have been paid (or, if the Association shall so agree, as shall be required to meet payments to be made) for the reasonable cost of goods and services required for the Project.

*Section 2.03.* (a) When the Corporation shall desire to withdraw any amount of the Swedish Credit or the Association Credit, the Corporation shall deliver to the Association a written application in such form and containing such statements and agreements as the Association shall reasonably request. Applications for withdrawal, with the necessary documentation, as hereinafter provided shall, except as the Association and the Corporation shall otherwise agree, be made promptly in relation to expenditures for the Project.

(b) The Corporation shall furnish to the Association such documents and other evidence in support of the application as the Association shall reasonably request, whether before or after the Association shall have approved any withdrawal requested in the application.

(c) Each application and the accompanying documents and other evidence must be sufficient in form and substance to satisfy the Association that the Corporation is entitled to withdraw from the Swedish Credit Account or the Association Credit Account the amount applied for and that such amount is to be used only for the purposes specified in this Agreement.

*Section 2.04.* Each such application by the Corporation for withdrawal shall be deemed to be a request to withdraw funds on behalf of India from the Swedish Credit Account or from the Association Credit Account, or from both Accounts, as the case may be.

*Section 2.05.* (a) When the Association shall have approved an application by the Corporation for withdrawal, the Association shall:

- (i) pay the amount which the Corporation is entitled to withdraw from the Association Credit Account to or on the order of the Corporation in accordance with the provisions of the Association Credit Agreement; or
- (ii) promptly notify the Sveriges Riksbank, acting as agent for Sweden, in the manner and to the extent set forth in this Agreement, that it has received an application for withdrawal from the Swedish Credit Account and that the amount set forth in such notice is eligible for payment by the Sveriges Riksbank. Upon receipt of such notice from the Association, the Sveriges Riksbank shall, subject to the rights of suspension and cancellation of the Swedish Credit set forth in the Swedish Credit Agree-

ment, pay the amount so to be withdrawn from the Swedish Credit Account in the currency and to the payee stated in the notice.

*Section 2.06.* (a) Upon the Corporation's request and upon such terms and conditions as shall be agreed upon between the Association and the Corporation, the Association may enter into special commitments in writing for payment in respect of the cost of goods and services to be financed out of the proceeds of the Swedish Credit. Any such special commitment by the Association shall, once it has been notified to Sweden and the Sveriges Riksbank, constitute an obligation on the part of Sweden to pay, notwithstanding any subsequent suspension or cancellation of the Swedish Credit, the amount to be disbursed in fulfillment of such special commitment.

(b) Each such request by the Corporation for a special commitment in respect of the Swedish Credit shall be deemed to be a request for a special commitment on behalf of India.

*Section 2.07.* If for purposes of this Agreement any proceeds of the Swedish Credit are to be withdrawn in a currency other than Swedish Kronor, the Sveriges Riksbank shall remit the requested foreign currency amount and shall debit the Swedish Credit Account with the Swedish Kronor equivalent of such amount calculated on the basis of the current market selling rate or, if no such rate applies, such rate as shall be reasonably determined by the Sveriges Riksbank.

### *Article III. EXECUTION OF THE PROJECT; USE OF PROCEEDS OF SWEDISH CREDIT AND ASSOCIATION CREDIT*

*Section 3.01.* The Corporation shall carry out the Project, described in Schedule 1 to this Agreement, with due diligence and efficiency and in conformity with sound engineering, administrative and financial practices.

*Section 3.02.* (a) In order to assist the Corporation in designing and supervising the construction of the silos in Part A of the Project, the Corporation shall employ experienced and qualified engineering consultants acceptable to the Association upon terms and conditions satisfactory to the Association.

(b) In order to carry out Part C of the Project, India shall within six months of the date of this Agreement enter into discussions with Sweden and the Association on an All-India Grain Storage and Distribution Study which would assist India in preparing an investment program for grain storage, distribution and processing facilities. These discussions shall take into account the progress and findings of related studies already underway. If India, Sweden and the Association agree that the employment of consultants is necessary for the aforesaid Study, then India shall employ experienced and qualified consultants acceptable to the Association, upon terms and conditions satisfactory to the Association.

*Section 3.03.* In carrying out the Project, the Corporation shall employ contractors acceptable to the Association upon terms and conditions satisfactory to the Association.

*Section 3.04.* All the sites required for carrying out Part A of the Project shall be acceptable to the Association and, except as the Association may otherwise agree, the Corporation shall acquire all such sites within three months of the date of this Agreement.

*Section 3.05.* (a) The Corporation shall apply the proceeds of the Swedish Credit and the Association Credit to expenditures on the Project to be financed with the pro-

ceeds of the Swedish Credit and the Association Credit in accordance with the provisions of this Agreement.

(b) Except as Sweden and the Association shall otherwise agree, the goods and services (other than consultants' services) to be financed out of the proceeds of the Swedish Credit and the Association Credit 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 in accordance, with, and subject to, the provisions set forth in Schedule 3 to this Agreement, provided, however, that goods and services in Category I (a) and (b) of Schedule 2 may be procured on the basis generally employed by India and the Corporation for the procurement of goods and services subject to the provisions set forth in Schedule 3 to this Agreement.

(c) The Corporation undertakes, to insure, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Swedish Credit and the Association Credit against marine, transit and other hazards incident to acquisition, transportation and delivery thereof to the place of use or installation and for such insurance any indemnity shall be payable in a currency freely usable by the Corporation to replace or repair such goods. The Corporation shall keep the Association informed of such insurance arrangements.

(d) Except as the Association shall otherwise agree, the Corporation shall cause all goods and services financed out of the proceeds of the Swedish Credit and the Association Credit to be used exclusively in the carrying out of the Project.

*Section 3.06.* (a) The Corporation shall furnish to the Association, promptly upon their preparation, the plans and specifications for Part A of the Project and any material modifications or amplifications thereto, in such detail as the Association shall reasonably request.

(b) The Corporation shall furnish to the Association for its consideration within six months of the date of this Agreement, a training program for the staff mentioned in Part B of the Project.

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

#### *Article IV.* MANAGEMENT AND OPERATION OF THE CORPORATION

*Section 4.01.* (a) The Corporation shall at all times manage its affairs, plan the development of its properties and facilities, and maintain its financial position all in accordance with sound engineering, administrative and financial principles and practices and under the supervision of experienced and competent management; and shall cause its plant, equipment, properties and facilities to be maintained and all necessary renewals and repairs thereto to be made, all in accordance with sound engineering practices.

(b) The Corporation shall at all times have a Cost Control Unit headed by a person with satisfactory experience and qualifications and appoint within six months of the date of this Agreement a Head of its Planning and Research Division, who shall also have satisfactory experience and qualifications.

(c) The Corporation shall continue to appoint, retain or promote a sufficient number of qualified and experienced staff to enable the Corporation to conduct its operations efficiently.

*Section 4.02.* The Corporation shall make provisions satisfactory to the Association against insurance risks, consistent with sound foodgrain storage and distribution practice.

*Section 4.03.* The Corporation shall not, without the consent of the Association, sell or otherwise dispose of any of the fixed assets that it has acquired with the proceeds of the Swedish Credit and the Association Credit, prior to December 31, 1995.

*Section 4.04.* The Corporation shall establish separate accounts reflecting the investment cost, wheat flow and the operating cost of Part A of the Project for each fiscal year and will have these accounts audited in accordance with sound accounting principles consistently applied, by independent auditors acceptable to the Association.

*Section 4.05.* The Corporation shall have a balance sheet, schedule of fixed assets and profit and loss account for each fiscal year prepared and audited in accordance with the provisions of Section 34 of the Food Corporations Act, 1964 and the Rules framed thereunder.

*Section 4.06.* The Corporation shall furnish to the Association as soon as they are available, but in any case not later than six months after the end of each fiscal year (A) three certified copies of each of the accounts referred to in Sections 4.04 and 4.05 above, as so audited, and (B) the report of each audit by the said auditors, of such scope and in such detail as the Association shall have reasonably requested; and furnish to the Association such other information concerning each of the aforesaid accounts and the audits thereof as the Association shall from time to time reasonably request.

#### *Article V. COVENANTS OF INDIA*

*Section 5.01.* India undertakes that, whenever there is reasonable cause to believe that the funds available to the Corporation will be inadequate to meet the estimated expenditures required for the carrying out of the Project, it will make arrangements satisfactory to the Association promptly to provide the Corporation or cause the Corporation to be provided with such funds as are needed to meet such expenditures.

#### *Article VI. CONSULTATION; INFORMATION AND INSPECTION*

*Section 6.01.* The Corporation shall cooperate fully with Sweden and the Association to assure that the purposes of the Swedish Credit and the Association Credit will be accomplished. To that end, Sweden, the Association and the Corporation shall from time to time, at the request of any party, exchange views through their representatives with regard to the performance of their respective obligations under the Swedish Relending Agreement, the Subsidiary Loan Agreement and this Agreement as well as the administration, operations and financial condition of the Corporation and other matters relating to the purposes of the Swedish Credit and the Association Credit.

*Section 6.02.* The Corporation, Sweden 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 Swedish Credit and the Association Credit, the

maintenance of the service thereof or the performance by any party of its obligations under the Swedish Relending Agreement, the Subsidiary Loan Agreement and this Agreement.

*Section 6.03.* The Corporation shall enable representatives of Sweden and the Association to inspect all plants, sites, works, properties, equipment, records and documents relevant to the Project.

*Article VII. MISCELLANEOUS*

*Section 7.01.* Any notice or request required or permitted to be given or made under this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall have been delivered by hand or by mail, telegram, cable or radiogram to the party to which it is required or permitted to be given or made at such party's address specified below or at such other address as such party shall have designated by notice to the party giving such notice or making such request:

For India:

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 Sweden:

(a) insofar as Sveriges Riksbank acts as agent for Sweden  
for purposes of this Agreement:

Sveriges Riksbank  
Box 2119  
Stockholm 2, Sweden

Alternative address for cables:

Riksbanken  
Stockholm

(b) for all other purposes:

Swedish International Development Authority  
10525  
Stockholm 1, Sweden

Alternative address for cables:

SIDA  
Stockholm

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.

For the Corporation:

Food Corporation of India  
1, Bahadurshah Zafar Marg  
New Delhi, India

Alternative address for cables:

Food Corp.  
New Delhi

*Section 7.02.* The Corporation shall furnish to the Association sufficient evidence of the authority of the person or persons who will sign the applications provided for under Article II of this Agreement or who will, on behalf of the Corporation, take any other action or execute any other documents required or permitted to be taken or executed by the Corporation under this Agreement, and the authenticated specimen signature of each such person.

*Section 7.03.* This Agreement may be executed in several counterparts, each of which shall be an original. All such counterparts shall collectively be but one instrument.

*Section 7.04.* (a) Except as shall be otherwise agreed by the parties hereto, this Agreement shall become effective on the earliest date upon which the Swedish Credit Agreement and the Association Credit Agreement shall both be in effect.

(b) If the Association Credit Agreement terminates for failure to become effective in accordance with its terms, this Agreement shall forthwith terminate and the Association shall promptly notify the other parties of such termination.

*Section 7.05.* This Agreement and all obligations of the parties hereto hereunder shall terminate (i) on the date upon which both the Swedish Credit Agreement and the Association Credit Agreement shall have terminated or (ii) on a date 25 years after the date of this Agreement or (iii) on the date upon which the parties shall have fulfilled all obligations arising from this Agreement, whichever shall be the earlier.

*Section 7.06.* Upon termination of the Swedish Credit Agreement or the Association Credit Agreement only, Sweden or the Association, as the case may be, shall promptly notify the other parties hereto and, upon such notification, this Agreement shall continue to remain in force and effect only for the purpose of implementation of the Association Credit Agreement or the Swedish Credit Agreement and of orderly settlement of matters of mutual interest to the parties hereunder, subject to such modifications of this Agreement as shall be agreed among the parties thereto or as shall be reasonably requested by Sweden or the Association for such purposes.

*Section 7.07.* Unless otherwise notified to India, the Association and the Corporation by Sweden, the Association shall represent Sweden in all matters relating to the implementation of, including amendments to, this Agreement.



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 LAKSHMI KANT JHA  
Authorized Representative

Kingdom of Sweden:

By CURT LIDGARD  
Authorized Representative

International Development Association:

By J. BURKE KNAPP  
Vice President

Food Corporation of India:

By LAKSHMI KANT JHA  
Authorized Representative

## SCHEDULE 1

### DESCRIPTION OF THE PROJECT

The Project consists of:

*Part A.* The planning, designing, constructing by slip form methods, equipping and operating of 10 silos with a capacity of 20,000 tons each and the planning, designing, constructing by conventional methods, equipping and operating of 10 godowns with a capacity of 10,000 tons each, on sites that are acceptable to the Association in the states of Punjab, Haryana, Rajasthan and Uttar Pradesh.

*Part B.* Training staff to operate the said silos in accordance with a training program mutually acceptable to the Association and the Corporation.

*Part C.* Contingent upon the discussions referred to in Section 3.02 (b) of this Agreement, the carrying out of an All-India Grain Storage and Distribution Study under terms of reference to be agreed upon by India, Sweden and the Association.

The construction of Part A and all of Part B and Part C of the Project is expected to be completed by December 31, 1974.

## SCHEDULE 2

ALLOCATION OF PROCEEDS OF SWEDISH CREDIT AND ASSOCIATION CREDIT EQUIVALENT IN THE AGGREGATE TO US \$10,000,000 ON THE BASIS OF THE PARITY RATE BETWEEN THE SWEDISH KRONOR AND THE US DOLLAR AT THE DATE OF THIS AGREEMENT

1. The table below sets forth the categories of goods and services to be financed out of the proceeds of the Swedish Credit and the Association Credit, the allocation of the amounts of the

said credits to each category and the percentage of eligible expenditures to be financed in each category:

Category	Allocation (expressed in US Dollar equivalent)		% of Expenditures to be Financed
	Swedish Credit	Association Credit	
I. Civil works (excluding cost of sites)			
(a) Silos .....	4,000,000		63% of total expenditures
(b) Godowns .....		1,200,000	37% of total expenditures
II. Mechanical and electrical equipment .....		2,400,000	100% of total expenditures
III. Engineering and other consulting services acquir- ed outside India and cost of training staff outside India .....		280,000	100% of foreign expenditures
IV. Consulting services in India and cost of training staff in India .....		120,000	50% of local expenditures
V. Unallocated .....	1,000,000	1,000,000	
TOTAL	<u>5,000,000</u>	<u>5,000,000</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 Association (other than India) or of Switzerland;

(b) The term "local expenditures" means expenditures in the currency of India, or for goods produced in, or services supplied from, the territories of India; 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 20, 1971; and

(b) payments for taxes imposed under the laws of India 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 fourth column of the table in paragraph 1 above would exceed the amount payable net of all such taxes, such percentage shall be reduced to ensure that no proceeds of the Swedish Credit or the Association Credit will be withdrawn on account of payments for such taxes.

4. The US dollar equivalent of the Swedish Credit is shown on the basis of the present parity rate between the Swedish Kronor and the US dollar. Should such rate change, any increase of the US dollar equivalent of the Swedish Credit will be credited by the Association to the second column of Category V of the table in paragraph 1 above and any decrease in such equivalent shall be charged against the second column of such Category.

5. Notwithstanding the allocation of the amounts of the Swedish Credit and the Association Credit set forth in the second and third columns of the table in paragraph 1 above, if the estimate of expenditures under any Category shall decrease, the amounts of the Swedish Credit and the

Association Credit then allocated to such Category and no longer required therefor will be reallocated by the Association by increasing correspondingly the unallocated amounts of the Swedish Credit or the Association Credit or by increasing (up to a maximum of 100% net of taxes) the percentage applicable to Category I (a) in the case of a decrease of expenditures under the Swedish Credit or I (b) or IV in the case of a decrease of expenditures under the Association Credit, provided, however, that (i) if the Corporation gives notice to the Association or the Association, after consultation with the Corporation, determines that any Part of the Project or a portion of any Part will not be carried out, then the amounts of the Swedish Credit or the Association Credit allocated to that Part or portion of a Part will not be reallocated in the manner set forth above, but shall be cancelled, and (ii) no proceeds of the Association Credit shall be allocated to finance expenditures under Category I (a), unless the particular goods and services included in Category I (a) and to be financed out of the proceeds of the Association Credit shall have been procured on the basis of international competition described in Section 3.05 (b) of this Agreement and in accordance with the provisions of Schedule 3 to this Agreement.

6. Notwithstanding the percentages set forth in the fourth column of the table in paragraph 1 above, if the estimate of expenditures under Category I, II, III or IV shall increase, the Association will reallocate correspondingly the unallocated amounts, if any, of the Swedish Credit or the Association Credit by increasing the amount allocated to Category I (a) in the case of the Swedish Credit and Categories I (b), II, III or IV in the case of the Association Credit, provided, however, that if in respect of increases in the estimate of expenditures under Categories I (a) and (b) or IV no unallocated amounts of the Swedish Credit or the Association Credit are available for reallocation to such Categories, the Association may, by notice to India and the Corporation, adjust the percentage of the Swedish Credit or the Association Credit then applicable to such expenditures in order that further withdrawals under any such Category may continue until all expenditures thereunder shall have been made.

### SCHEDULE 3

#### PROCUREMENT

1. With respect to any contract for civil works or to any contract for equipment estimated to cost \$50,000 equivalent or more:
  - (a) All bidders will be required to pre-qualify on the basis, *inter alia*, of experience (and in the case of silo construction on the basis of experience in the slip form method), and the Corporation shall, before qualification is invited, inform the Association in detail of the pre-qualification procedure to be followed and shall introduce such modifications in said procedure as the Association shall reasonably request. The list of pre-qualified bidders, together with a statement of their qualifications and experience and of the reasons for the exclusion of any applicant for pre-qualification, shall be furnished by the Corporation to the Association for its comments before the applicants are notified and the Corporation shall make such additions or deletions from the said list as the Association shall reasonably request.
  - (b) Before bids are invited, the Corporation 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 procedure to be followed for the bidding, and shall make such modifications in the said documents or procedure as the Association shall reasonably request. Any further modification or addition to the bidding documents shall require the Association's concurrence before it is issued to the prospective bidders.
  - (c) After bids have been received and evaluated, the Corporation 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 by the Corporation's consultants on the evaluation and comparison of the bids

received, together with the recommendations for award of said consultants, and the reasons for the intended award. The Association shall promptly inform the Corporation whether it has any objection to the intended award and shall state the reasons for any objection it may have.

- (d) If the contract shall be awarded over the Association's objection or if its terms and conditions shall, without the Association's concurrence, materially differ from those on which bids were asked, no expenditures thereunder shall be financed out of the proceeds of the Swedish Credit and the Association Credit.
- (e) Copy of the contract shall be furnished to the Association promptly after its execution.

2. With respect to any other contract for equipment, the Corporation shall, promptly after the contract is awarded, furnish to the Association copy of the contract as well as copy of the record of public opening of the bids, the bid evaluation report and recommendations for award of the Corporation's consultants and a statement of the reasons for any departure from such recommendations. The Association shall promptly inform the Corporation 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 Section 3.05 (b) of this Agreement and, in such event, no expenditures under such contract shall be financed out of the proceeds of the Swedish Credit and the Association Credit.

3. A single invitation to bid will be issued for the silos to be constructed under the Project, which will *inter alia* specify that the bidder may submit offers in respect of one or more silos. The Corporation will have the option of either awarding to one contractor one contract in respect of all the silos or of awarding separate contracts in respect of one or more silos to different contractors.

4. A single invitation to bid will be issued for the godowns to be constructed under the Project, which will *inter alia* specify that the bidder may submit offers in respect of one or more godowns. The Corporation will have the option of either awarding to one contractor one contract in respect of all the godowns or of awarding separate contracts in respect of one or more godowns to different contractors.

5. With respect to the procurement of mechanical and electrical equipment, items shall be grouped or bulked so as to permit such procurement as will be consistent with sound technical and procurement practices.

6. For evaluating any competing bids received for imported and for locally manufactured mechanical and electrical equipment, for the purposes of comparison, the following method will be used:

- (a) The term Local Bid means a bid offering goods manufactured or processed to a substantial extent (as reasonably determined by the Association) in the territories of India; any bid offering other goods shall be deemed a Foreign Bid.
- (b) The comparison bid price under a Local Bid shall be the sum of the following amounts:
  - (i) the ex-factory price of such goods; and
  - (ii) inland freight, insurance and other costs of delivery of such goods to the place of their use or installation.
- (c) For the purpose of comparing any Foreign Bid with any Local Bid the comparison bid price under a Foreign Bid shall be the sum of the following amounts:
  - (i) the c.i.f. price of such goods net of any taxes on their importation;
  - (ii) any such taxes, as generally apply to such goods if imported into the territories of India by non-exempt importers, or 15% of the amount specified in (c) (i) above, whichever shall be lower; and
  - (iii) inland freight, insurance and other costs of delivery of such goods to the place of their use or installation.

7. If a contract is awarded by the Corporation according to procedures inconsistent with those set forth or referred to in Section 3.05 (*b*) or over the Association's reasonable objections on the grounds of inconsistency with such procedures or if the terms and conditions of such contract shall, without the Association's prior concurrence, materially differ from those on which bids were asked, the Association may by notice to the Corporation cancel such amounts of the Swedish Credit and the Association Credit as the Association shall reasonably determine represents the expenditures on goods or services included under such contracts or any portion of such expenditures as would otherwise have been eligible for financing out of the proceeds of the Association Credit and the Swedish Credit, respectively.

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