

No. 13549

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**DENMARK  
and  
INDIA**

**Agreement on the establishment of a Prototype Development and Training Centre for the Leather, Footwear and Leather Goods Industry at Madras (with plan of operation). Signed at New Delhi on 29 September 1973**

*Authentic text: English.*

*Registered by Denmark on 19 September 1974.*

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**DANEMARK  
et  
INDE**

**Accord relatif à la création, à Madras, d'un Centre de mise au point de prototypes et de formation pour l'industrie du cuir, de la chaussure et des articles en cuir (avec plan d'opération). Signé à New Delhi le 29 septembre 1973**

*Texte authentique: anglais.*

*Enregistré par le Danemark le 19 septembre 1974.*

## AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF DENMARK AND THE GOVERNMENT OF INDIA ON THE ESTABLISHMENT OF A PROTOTYPE DEVELOPMENT AND TRAINING CENTRE FOR THE LEATHER, FOOTWEAR AND LEATHER GOODS INDUSTRY AT MADRAS

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The Government of Denmark and the Government of India, desirous of continuing and strengthening the friendly relations between the two countries and their populations, recognising their mutual interest in promoting their economic and technical development, particularly by providing means for education and training and implementation of the Agreement of February 16, 1970,<sup>2</sup> between the Government of India and the Government of Denmark concerning technical co-operation, have agreed as follows:

*Article I.* The two Governments will co-operate in the development of the small scale leather, footwear and leather goods industry in India by establishing a Prototype Development and Training Centre for Leather and Footwear Machinery at Madras.

*Article II.* The activities of the Prototype Development and Training Centre will be as follows:

- Prototype development of leather and footwear machinery and related testing equipment and adaption of advanced technologies in the field to suit Indian conditions for enabling the reproduction of such prototypes on commercial basis by small scale units.
- Organisation and implementation of training courses, ranging from short-term specialised courses for machine operators to post-graduate courses for engineers in the design of machinery for the tanning and leather working industry.
- Technical advice for the tanning and leather-working industry.
- Job work on such items as cannot be executed by the small-scale industries.

The Prototype Development and Training Centre for Leather and Footwear Machinery will be placed under the administration of the National Small Industries Corporation Limited or any other agency as may be decided by the Government of India.

*Article III.* The commitments of the Government of Denmark under this Agreement comprise:

- (a) Provision for the Prototype Development and Training Centre of equipment up to a c.i.f. value of 1,84 million Danish Kroner. The imported equipment will be delivered at Madras port.
- (b) Provision of drawings of Danish machinery and production rights up to a value of 0.5 million Danish Kroner.

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<sup>1</sup> Came into force on 29 September 1973 by signature, in accordance with article XI.

<sup>2</sup> United Nations, *Treaty Series*, vol. 745, p. 219.

- (c) Recruitment and payment of international travel expenses, salaries and insurance from the entry into force of this Agreement for up to seven (7) experts as follows:
- one Chief Adviser,
  - one Construction Engineer,
  - one Production and Planning Engineer,
  - four Short-term experts.
- The individual tenure of the Chief Adviser, Construction Engineer and the Production and Planning Engineer will be for a period of up to 5 years. The tenure of the 4 short-term experts will be for up to a total of 48 man-months, all taken together.
- (d) Fellowships of a duration of six to twelve months, including travel expenses for eight Indian Officers employed at the Prototype Development and Training Centre; the National Small Industries Corporation / any other agency will ensure that the Indian beneficiaries of the above fellowships, after their return to India, will serve at the Development and Training Centre for a suitable period.
- (e) The selection of machinery and equipment mentioned in clause (a) and (b) above will be done jointly by the Danish and Indian authorities.

*Article IV.* Delivery of the items mentioned under article III and the sending out of the experts mentioned under the same article will take place in accordance with stipulations laid down in the Plan of Operation annexed to this Agreement.

*Article V.* The commitments of the Government of India under this Agreement comprise:

- (a) procurement of suitable site and construction of buildings with all installations for the Prototype Development and Training Centre, including all working expenses;
- (b) procurement of necessary indigenous machinery and equipment at an approximate cost of Rs. 14 lacs;
- (c) installation of machinery and equipment;
- (d) recruitment of Indian staff members and personnel as follows:
  - one Director,
  - one Development Engineer,
  - one Design Engineer,
  - Technical Officers,
  - Supervisors,
  - Skilled Operators,
  - Clerical Staff;
- (e) payment of all other necessary expenses for the establishment and operation of the project not listed above and not mentioned under the commitment of the Government of Denmark.

*Article VI.* Procedures will be set up by the Government of India whereby import duties and other fiscal charges, if any, on all the equipment, including spare parts and materials for the Prototype Development and

Training Centre, to be supplied by the Government of Denmark in pursuance of article III, are not payable by the Government of Denmark.

*Article VII.* The Government of India will provide suitable residences for the experts to be sent out in pursuance of article III and accord them such privileges as are normally accorded to comparable personnel at technical co-operation projects under the rules and regulations of the General Agreement between the Government of Denmark and the Government of India concerning technical co-operation of February 16, 1970.

*Article VIII.* The items provided by the Government of Denmark in accordance with the provisions of article III of the Agreement will become the property of the Government of India upon their arrival in the Indian territory on the condition that they remain at the disposal of the experts during the period of their assignment and for the purpose thereof under the present Agreement.

*Article IX.* The Government of India will ensure that the equipment donated by the Government of Denmark, after completion of the project, will continue to be used for the purpose for which it was intended.

*Article X.* During the period of validity of the Agreement, representatives of the Indian and Danish authorities shall have full access to the Centre. At the end of each year after the Agreement comes into force, a copy of the accounts as also a copy of a report on the activities during the past year shall be forwarded to the authorities concerned by the Centre.

Two years after the entry force of the Agreement and one year before its expiry there shall be a joint inspection by the Indian and Danish authorities for reviewing the performance of the Centre.

*Article XI.* The present Agreement shall enter into force on the date of its signature and shall remain in force for a period of five years. The Agreement may be terminated at any time by either party giving six months' notice in writing to the other party.

The present Agreement may be amended by an exchange of letters between the two Governments.

IN WITNESS WHEREOF the undersigned, duly authorised by their respective Governments, have signed this Agreement.

DONE in duplicate in English in New Delhi this twenty-ninth day of September, 1973.

For the Government of Denmark:

HENNING HALCK

Ambassador Extraordinary and Plenipotentiary of Denmark to India

For the Government of India:

ABID HUSSAIN

Joint Secretary to the Government of India,  
Ministry of Industrial Development

## PLAN OF OPERATION

### I. *Background*

The activities of the proposed Centre are aimed at assisting two sectors of the Indian industry, namely:

- (a) small-scale tanneries and leather-working industries by developing suitable machinery, offering technical advice and training personnel;
- (b) small-scale machine manufacturers by transferring production rights for tanning and leather-working machinery, offering technical assistance and training personnel.

### II. *Procedure*

The development activity will be aimed at handing over production rights of components and complete machinery to competent entrepreneurs and the Centre will undertake such production activity which cannot be performed by small scale machine manufacturers.

In order to facilitate the start of the project and promote an early production of small-scale entrepreneurs, the Danish assistance will include transfer of drawings and production rights for a number of leatherworking machines from Danish firms, some of which will be suitable for immediate production by small-scale entrepreneurs on a subcontractors basis. In this case the role of the Centre will be limited to: co-ordination, rendering of technical assistance and, when necessary, assembly and testing. Other machines will have to be modified to suit special Indian requirements or to allow for special manufacturing processes, in which case the Centre will be involved to a greater extent.

### III. *Phasing*

The phasing of the project is given below which is purely tentative. It is subject to amendments/alterations by mutual consent.

Phase I. Six months (starting from the signing of the Agreement).

Activities:

- (a) Call for tender for basic buildings.
- (b) Recruiting of local and expatriate staff.

Phase II. Eighteen months.

Activities:

- (a) Collect information.
- (b) Construction of basic buildings.
- (c) Purchase and installation of basic machinery.
- (d) Manufacture by subcontractors of 2-3 machine types of foreign designs.
- (e) Detailed Planning for Phase III.

Staff:

Local: Director, Development Engineer, Designer, Supervisor, Secretary.

Expatriate: Chief Adviser, Design Engineer, Planning Engineer.

Phase III. Eighteen months.

Activities:

- (a) Construction of additional buildings.

- (b) Purchase and installation of additional equipment.
  - (c) Manufacture partly by subcontractors of 2-3 additional machine types of foreign designs.
  - (d) Development of 2-3 modified machine types based on foreign designs.
  - (e) Planning of training courses.
  - (f) Detailed planning for phase IV.
- Phase II staff plus the following:
- Local: Technical Officers (3), Skilled Operators (10-15), Others (5-10).
  - Expatriate: Short-term experts (1-2).
  - Scholarships abroad: 2-3.

Phase IV. Eighteen months.

Activities:

- (a) Modification of 2-3 additional machine types based on foreign designs.
  - (b) Development and prototyping of 2-3 new machine types.
  - (c) 2-3 short term courses for operators.
  - (d) 1 design course for engineers.
- Phase III staff plus the following:
- Local: Instructors, Skilled operators, Others.
  - Scholarships abroad: 4-5.

#### IV. *Administration*

The Director will be in charge of the day-to-day management and administration of the Project. In all technical matters he will consult the Chief Adviser.

The Director and the Chief Adviser will be under the general control of an Advisory Committee consisting of

- (a) a representative of the Central Government,
- (b) a representative of the National Small Industries Corporation Board,
- (c) a representative of the Danish Embassy,
- (d) the State Director of Industries, and
- (e) a representative of the Federation of Associations of Small Scale Industries in India,

who will advise the Centre in its working plans and programmes.

The Advisory Committee shall meet at least once every three months to consider the working Plan, the programme and progress of operation of the Project. Proposals for selection of machine-building entrepreneurs shall be submitted to the Advisory Committee. The Director of the Project and the Chief Advisor must normally be present at all its meetings so as to assist the Committee in its deliberations.

In the discharge of his duties, the Chief Adviser will advise the Project Director in all matters related to the technical development of the Project and will assist the Government of India, in consultation with the Project Director, in

- (a) detailed planning, execution of the project, and the preparation of technical reports,

- (b) timely scheduling and submission of requests for items to be provided by the Government of Denmark,
  - (c) supervision of the expatriate staff assigned to the project,
  - (d) advising the Project Director on the proper utilization of equipment and materials supplied by the Government of Denmark.
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