

No. 13799

**UNITED STATES OF AMERICA
and
INDIA**

Agreement regarding the consolidation and rescheduling of certain debts owed to the Agency for International Development (with record of understanding of 19 December 1973). Signed at Washington on 7 June 1974

Authentic text: English.

Registered by the United States of America on 17 March 1975.

**ÉTATS-UNIS D'AMÉRIQUE
et
INDE**

Accord relatif à la consolidation de certaines dettes contractées à l'égard de l'Agence internationale de développement et à la modification des échéances de paiement correspondantes (avec procès-verbal d'accord du 19 décembre 1973). Signé à Washington le 7 juin 1974

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 17 mars 1975.

AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND THE PRESIDENT OF INDIA

AGREEMENT, dated June 7, 1974 between the United States of America and the President of India.

WHEREAS, the United States of America, acting through the Agency for International Development (“A.I.D.”), has made certain loans to, or for the benefit of, the President of India (“Borrower”), pursuant to the loan agreements and special loan repayment agreements listed in annex A² to this Agreement and any prior amendments thereto (“Agreements”), and the Borrower has undertaken certain payment obligations to A.I.D. pursuant to such Agreements;

WHEREAS, an understanding was reached by the Borrower and member countries of the India Consortium, including the United States of America, as reflected in the Record of Understanding Regarding Debt Relief to India, dated December 19, 1973, for the provision of debt relief to the Borrower; and

WHEREAS, an Agreement Regarding the Consolidation and Rescheduling of Certain Debts Owed to the United States Government and its Agencies, dated June 7, 1974,³ was signed by the Government of the United States of America and the Government of India;

NOW, THEREFORE, the parties hereby amend the Agreements as follows:

Section 1. DEFERRAL AND TERMS OF REPAYMENT

(a) Payment of all interest and credit fees and repayment of all installments of principal due and payable to A.I.D. by the Borrower pursuant to the Agreements during the period commencing on October 5, 1973, and terminating on March 31, 1974, amounting to \$29,339,519.15 (“Consolidated Debt”) as set forth in annex B² to this Agreement, shall be deferred.

(b) The Borrower shall pay the Consolidated Debt to A.I.D. in twenty equal annual installments on April 1 of each year commencing on April 1, 1981.

(c) The Borrower shall pay annually to A.I.D., on April 1 of each year, interest on the unpaid balance of the Consolidated Debt (“Consolidation Interest”), and on any Consolidation Interest due and unpaid, at the rate of 1.814% per annum computed on the basis of a three hundred and sixty (360) day year. Such interest shall commence to accrue on the due date specified in each of the Agreements for each payment of interest or credit fee and each repayment of principal deferred pursuant to subsection (a) of this Section. The first payment of Consolidation Interest shall be due and payable on April 1, 1974.

Section 2. AMORTIZATION SCHEDULE

The amortization schedule for payment of the Consolidated Debt and Consolidation Interest is set forth in annex C² of this Agreement.

¹ Came into force on 7 June 1974 by signature.

² For the text of the annexes, see p. 73 of this volume.

³ See p. 71 of this volume.

Section 3. OTHER OBLIGATIONS

Except as otherwise expressly provided herein, payment of obligations which become due and payable by Borrower to A.I.D. pursuant to each of the Agreements shall be paid in accordance with the existing terms of each of the Agreements.

Section 4. FULL FORCE AND EFFECT OF LOAN AGREEMENTS

To the extent not amended herein, or rendered inconsistent hereby, the terms and conditions of the Agreements, including, but not limited to, events of default and remedies upon default, shall remain in full force and effect.

Section 5. LEGAL OPINION

Except as A.I.D. may otherwise agree in writing, within thirty (30) days from the date of this Agreement, Borrower shall furnish to A.I.D., in form and substance satisfactory to A.I.D., a legal opinion of counsel satisfactory to A.I.D. that this Agreement has been duly authorized or ratified by, and executed and delivered on behalf of the Borrower and constitutes a valid and legally binding obligation of the Borrower in accordance with its terms.

IN WITNESS WHEREOF, A.I.D. and the Borrower, each acting through its respective duly authorized representative, have caused this Agreement to be signed in their respective names and delivered as of the day and year first above written.

United States of America:

By: ALFRED D. WHITE

Title: Assistant Administrator (Acting)
Agency for International Development

President of India:

By: T. N. KAUL

Title: Ambassador of India

INDIA CONSORTIUM

RECORD OF UNDERSTANDING REGARDING DEBT RELIEF TO INDIA, 1973/74

*(Addendum to Record of Understanding for 1972/73, signed
by the Government of India and by the World Bank on February 16, 1973)*

1. Following a meeting of the India Consortium in Paris on June 14 and 15, 1973, and subsequent discussions, members agreed to provide debt relief to India for 1973/74 as follows:

	Million of Creditor Currency Units	US\$ Million ¹
Austria	56.02	2.94
Belgium	75.00	1.87
Canada	1.99	1.99
Denmark ²	0.50	0.08
France	47.13	10.37
Germany	140.00	53.06
Italy ³	10,500.00	17.43
Japan	13,376.21	47.89
Netherlands	8.81	3.15
Norway	(4)	(4)
Sweden	3.66	0.81
U.K.	8.00	18.52
USA	29.14	29.14
		TOTAL 187.25

¹ Shown here for illustrative purposes only, converted at the market rates of December 13, 1973.

² Denmark's contribution for 1973/74 was actually made in 1972/73.

³ Italy's contribution was also in respect of its share of debt relief for 1972-73.

⁴ In respect of its debt relief contribution for 1972/73 and 1973/74, in February, 1973 Norway wrote off the full stock of public debt held by India amounting to Norwegian Kroner 1.632 million (approximately US\$ 0.29 million).

2. Members agreed that the terms of their contributions should be at a grant element of no less than 62 percent. Like last year, however, several members were unable to meet this requirement but continued their efforts to improve the quality of their overall assistance to India.

3. During the meeting the members of the Consortium and the representatives of the Government of India exchanged views on the efforts of the Government to maximise aid flows and to minimise the impact of external debt service on the balance of payments. While stressing that India's debt and aid relations with the rupee payment are a differed from those with the countries represented in the Consortium and did not impose a balance of payments strain on the Indian economy, the Government of India stated that its policy was to accord comparable treatment to all India's creditors. With particular reference to minimising the effect of debt service on the balance of payments and on the transfer of resources, the Government of India stated that their objectives was to secure from members and non-members of the Consortium equally favourable terms as regards development aid, each viewed within the framework of the relevant debt and aid relations.

4. The Bank undertook to remain in consultation with the Government of India to keep itself and members of the Consortium informed on the subject of paragraph 3.

Signed for and on behalf of the Government of India:

G. V. RAMAKRISHNA
Minister for Economic Affairs
Washington, D.C.
December 19, 1973

Signed for and on behalf of the Consortium:

WILLIAM DIAMOND
Director, South Asia Department
World Bank
December 19, 1973