

No. 14819

**FEDERAL REPUBLIC OF GERMANY
and
INDIA**

**Agreement concerning financial assistance in 1975 (with
annex). Signed at New Delhi on 26 April 1975**

Authentic texts: German, Hindi and English.

Registered by the Federal Republic of Germany on 15 June 1976.

**RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE
et
INDE**

**Accord d'aide financière en 1975 (avec annexe). Signé à
New Delhi le 26 avril 1975**

Textes authentiques : allemand, hindi et anglais.

Enregistré par la République fédérale d'Allemagne le 15 juin 1976.

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY AND THE GOVERNMENT OF INDIA CONCERNING FINANCIAL ASSISTANCE IN 1975

The Government of the Federal Republic of Germany and the Government of India,

in the spirit of the traditional friendly relations existing between India and the Federal Republic of Germany,

desiring to strengthen and intensify those friendly relations by fruitful co-operation in the field of development assistance,

recognizing that the maintenance of those relations constitutes the basis of the present Agreement,

intending to contribute to economic and social development in India,

have agreed as follows:

Article 1. (1) The Government of the Federal Republic of Germany shall extend to the Government of India or other Indian recipients to be jointly selected by both Governments bilateral financial assistance up to a total of DM 365,000,000 (three hundred and sixty-five million Deutsche Mark).

(2) This assistance shall consist of

- (a) debt service relief in the amount of DM 140,000,000 (one hundred and forty million Deutsche Mark) in respect of amortization instalments falling due in the period between 1 April 1975 and 31 March 1976, in accordance with Articles 2 and 3 of the present Agreement,
- (b) loans totalling DM 220,000,000 (two hundred and twenty million Deutsche Mark), in accordance with Articles 4 to 6 of the present Agreement,
- (c) grants (financing contributions) totalling DM 5,000,000 (five million Deutsche Mark), in accordance with Article 7 of the present Agreement.

Article 2. The Government of the Federal Republic of Germany shall make it possible for payment of the amortization instalments in the amount of DM 140,000,000 (one hundred and forty million Deutsche Mark), arising from financial assistance loans granted by the Kreditanstalt für Wiederaufbau (Development Loan Corporation) and falling due in the period between 1 April 1975 and 31 March 1976, to be deferred for 30 years including ten years of grace. For this purpose, the Government of India shall, in so far as it is not itself responsible for the payment of the amortization instalments to be deferred, assume liability for the payments concerned. The payments so deferred shall carry interest at the rate of 2.5 (two and a half) per cent per annum.

Article 3. The details of the debt service relief shall be agreed between the parties to the loan agreements in supplementary arrangements thereto.

Article 4. The Government of the Federal Republic of Germany shall enable the Government of India or other borrowers to be jointly selected by both

¹ Came into force on 26 April 1975 by signature, in accordance with article 13.

Governments to raise loans up to a total of DM 220,000,000 (two hundred and twenty million Deutsche Mark) with the Kreditanstalt für Wiederaufbau, Frankfurt/Main.

Article 5. (1) The loans raised under Article 4 above shall be utilised in accordance with the provisions of paragraphs 2 to 8 of this Article.

(2) An amount of up to DM 70,000,000 (seventy million Deutsche Mark) shall be utilised for projects to be jointly selected by both Governments if upon examination they are found to be eligible for promotion.

(3) An amount of DM 5,000,000 (five million Deutsche Mark) shall be utilised for a rural development programme to be jointly selected by the two Governments if upon examination this programme is found to be eligible for promotion.

(4) An amount of up to DM 30,000,000 (thirty million Deutsche Mark) shall be made available to finance projects approved by the Indian Interministerial Committee for Capital Goods. It is the understanding of the Government of the Federal Republic of Germany that the Government of India will utilize the counterpart Rupee funds accruing from the sale of the Deutsche Mark so loaned for development projects.

(5) An amount of up to DM 25,000,000 (twenty-five million Deutsche Mark) shall be made available to Indian financing institutions for the purpose of promoting small and medium-sized industrial and agricultural undertakings.

Of this amount

(a) the Industrial Credit and Investment Corporation of India Ltd. (ICICI) shall receive up to DM 10,000,000 (ten million Deutsche Mark), and

(b) the Industrial Finance Corporation (IFC) shall receive up to DM 15,000,000 (fifteen million Deutsche Mark).

(6) An amount of DM 60,000,000 (sixty million Deutsche Mark) shall be used to finance the importation of goods to meet current civilian import requirements of India, as listed in the Annex to the present Agreement, including the cost of related transport and other services. Only imports for which the import licences have been issued after 31 March, 1975 are eligible for financing. When utilizing this amount, favourable consideration shall be given to the requirements of enterprises established with German capital participation in India, as well as to holders of German licences, to the extent that these requirements are not to be met under the measures taken by the Government of India for the liberalization of imports. It is the understanding of the Government of the Federal Republic of Germany that the Government of India will utilize the counterpart Rupee funds accruing from the sale of the Deutsche Mark so loaned for development projects.

(7) An amount of up to DM 30,000,000 (thirty million Deutsche Mark) shall be utilized as liquidity assistance for the payment of goods and services to meet current civilian import requirements of India. In all other respects, except for the requirement of eligibility date, the provisions of paragraph 6 above shall apply *mutatis mutandis*.

(8) The loans shall, with the exception of the loan specified in paragraph 3 above, on principle, be used only to cover costs arising in other than Indian currency.

Article 6. (1) The utilization of the loans as well as the terms and conditions on which they are granted shall be governed by the provisions of the agreements to be concluded between the borrowers and the Kreditanstalt für Wiederaufbau which shall be subject to the legal provisions applicable in the Federal Republic of Germany.

(2) The loans shall, with the exception of the loans to Indian financing institutions envisaged in Article 5 (5) of this Agreement, be extended to the Government of India. The sponsors of the projects to be determined in accordance with Article 5 (2) above shall be free to avail themselves of the financing and guarantee facilities provided by the Industrial Development Bank of India.

The Government of India shall ensure that the said Bank has, in each case, sufficient Rupee funds available to cover the requirements of such projects.

(3) The Government of India shall, to the extent that it is not itself the borrower, guarantee to the Kreditanstalt für Wiederaufbau all payments to be made in fulfilment of the borrower's liabilities under the agreements to be concluded in accordance with paragraph 1 above. If authority with regard to the transfer of payments is given to the Reserve Bank of India or any other agency, such agency shall, independently of the Government of India, also guarantee the transfer of payments resulting from such loan agreements.

Article 7. The Government of the Federal Republic of Germany shall enable the Government of India or other recipients to be jointly selected by both Governments to receive from the Kreditanstalt für Wiederaufbau, Frankfurt/Main, grants totalling DM 5,000,000 (five million Deutsche Mark) for the rural development programme referred to in Article 5 (3) above. Agreement on the grants shall be concluded in accordance with Article 6 (1) of the present Agreement.

Article 8. The Government of India shall ensure that the Kreditanstalt für Wiederaufbau is exempted from all taxes and other public charges levied in India at the time of the conclusion or during the execution of the agreements referred to in Article 6 (1) and Article 7 and the supplementary arrangements referred to in Article 3 of the present Agreement.

Article 9. The two Governments shall allow passengers and suppliers free choice of transport enterprises for such transportation by sea or air of persons and goods as results from the provision of loans and grants, and abstain from taking any measures that exclude or impair the fair and equal participation of transport enterprises having their place of business in the area of application of the present Agreement and grant the relevant permits as required for the participation of such transport enterprises.

Article 10. Unless otherwise provided for in individual cases, supplies and services for projects financed from the loans under Article 5 (2) and (3) as well as from the grants under Article 7 of the present Agreement shall be subject to international public tender.

Article 11. With regard to the supplies resulting from the provision of loans and grants, the Government of the Federal Republic of Germany attaches particular importance to preference being given to products of industries of Land Berlin.

Article 12. With the exception of those provisions of Article 9 which refer to air transport, this Agreement shall also apply to Land Berlin, provided that the Government of the Federal Republic of Germany does not make a contrary declaration to the Government of India within three months after the entry into force of the present Agreement.

Article 13. The present Agreement shall enter into force on the date of signature thereof.

DONE at New Delhi on April 26, 1975 in six originals, two each in the English, Hindi and German languages, all six texts being equally authentic.

In case of divergent interpretations, the English text shall prevail.

For the Government
of the Federal Republic of Germany:

[Signed — Signé]¹

[Signed — Signé]²

For the Government of India:

[Signed — Signé]¹

A N N E X

TO THE AGREEMENT BETWEEN THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY AND
THE GOVERNMENT OF INDIA CONCERNING FINANCIAL ASSISTANCE IN 1975

List of goods and services which may be financed up to a total of DM 60,000,000 (sixty million Deutsche Mark) from the loan under Article 5 (6) of the Intergovernmental Agreement of 26 April, 1975

- (a) Industrial raw and auxiliary materials as well as semi-manufactures
- (b) Industrial equipment as well as agricultural machinery and implements
- (c) Spare parts and accessories of all kinds
- (d) Products of the chemical industry, in particular fertilizers, plant protection agents, pesticides, medicaments
- (e) Other industrial products of importance for the economic development of India
- (f) Equipment and instruments for scientific and technical institutions engaged in civilian research, as well as hospital requirements
- (g) Consulting services, licence fees, purchase of patents
- (h) The costs, including Indian currency costs, of transportation, insurance and assembly connected with the importation of goods financed under this Agreement.

Imports pursuant to the above list should cover the widest possible range of goods. Imports not contained in this list may only be financed with the prior approval of the Government of the Federal Republic of Germany.

The importation of consumer goods for private requirements, in particular luxury goods, as well as goods and equipment to be used for military purposes may not be financed from the loan.

¹ Signed by Diehl — Signé par Diehl.

² Signed by Klamsner — Signé par Klamsner.

³ Signed by M. Narasimham — Signé par M. Narasimham.