

No. 14642

**UNITED STATES OF AMERICA
and
INDIA**

Agreement regarding the consolidation and rescheduling of certain debts owed to the United States Government and its agencies (with annexes and record of understanding of 30 October 1974). Signed at Washington on 2 May 1975

Authentic text: English.

Registered by the United States of America on 11 March 1976.

**ÉTATS-UNIS D'AMÉRIQUE
et
INDE**

Accord relatif à la consolidation de certaines dettes contractées à l'égard du Gouvernement des États-Unis et de ses agences et à la modification des échéances de paiement correspondantes (avec annexes et procès verbal d'interprétation du 30 octobre 1974). Signé à Washington le 2 mai 1975

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 11 mars 1976.

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF INDIA REGARDING THE CONSOLIDATION AND RESCHEDULING OF CERTAIN DEBTS OWED TO THE UNITED STATES GOVERNMENT AND ITS AGENCIES

The Government of the United States of America and the Government of India agree as follows:

Article I. APPLICATION OF THE AGREEMENT

1. Pursuant to the provisions and mutual undertakings, hereby incorporated into this Agreement, of the Record of Understanding among the member countries of the Indian Consortium signed in Washington on October 30, 1974, by the Government of India and the International Bank for Reconstruction and Development as Chairman of the Consortium, the Government of the United States of America and the Government of India agree to defer and reschedule certain dollar obligations to the United States Government and its agencies falling due between August 28, 1974, and March 31, 1975, under the Agreements listed in Annex A, as provided in this Agreement.

2. 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 A to this Agreement and any prior amendments thereto ("Original Agreements"), and the Borrower has undertaken certain payment obligations to A.I.D. pursuant to such Original Agreements.

3. The amount to be deferred and rescheduled under the terms and conditions of this Agreement will be \$45,000,000, as indicated in said Record of Understanding. The estimated amounts available for deferral and rescheduling are listed in Annex B to this Agreement.

Article II. DEFINITIONS

For purposes of this Agreement:

1. The term "Original Agreements" shall refer to the agreements concluded between the Borrower and the Agency for International Development which are listed in Annex A.

2. The term "Consolidated Debt" shall refer to the principal, interest, and credit fees due and payable to the Government of the United States of America between August 28, 1974, and March 31, 1975, under the Original Agreements, which is computed to be \$45,000,000, as set forth in Annex B to this Agreement.

3. The term "Consolidation Interest" shall refer to interest accruing and payable on the Consolidated Debt after the respective due dates under the Original Agreements.

¹ Came into force on 13 June 1975, the date when the Government of the United States had notified the Government of India in writing that domestic United States laws and regulations had been complied with, in accordance with article IV (3).

Article III. TERMS AND CONDITIONS OF PAYMENT

1. Deferral and terms of repayment shall be as follows:

(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 Original Agreements during the period commencing on August 28, 1974, and terminating on March 31, 1975, amounting to \$45,000,000 ("Consolidated Debt"), as set forth in Annex B to this Agreement, shall be deferred.

(b) The Borrower shall pay the Consolidated Debt to A.I.D. in nineteen equal annual installments on April 1 of each year commencing on April 1, 1982.

(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 1.72 percent 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 Original 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, 1975.

2. The amortization schedule for payment of the Consolidated Debt and Consolidation Interest is set forth in Annex C of this Agreement.

3. 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 Original Agreements shall be paid in accordance with the existing terms of each.

Article IV. ENTRY INTO FORCE

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

2. Except as A.I.D. may otherwise agree in writing, within thirty (30) days from the date of this Agreement, and as a condition to the effectiveness 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.

3. This Agreement will enter into force when the Government of the United States notifies the Government of India in writing that domestic United States laws and regulations covering debt rescheduling have been complied with.

DONE at Washington in duplicate this second day of May, 1975.

For the Government of the United States of America:

[Signed — Signé]¹

For the Government of India:

[Signed — Signé]²

¹ Signed by Paul H. Boeker — Signé par Paul H. Boeker.

² Signed by G. V. Ramakrishna — Signé par G. V. Ramakrishna.

ANNEX A

INDIA—AGENCY FOR INTERNATIONAL DEVELOPMENT

LIST OF LOANS RESCHEDULED

Aid loan number	Date of Agreement	Title	Interest rate		Initial amort. date
			Grace	Amort.	
386-B-001	06-15-51	Food Grain Assistance	2-½	2-½	06-30-57
386-H-052	02-26-62	Canbar Thermal Power Project	¾	¾	04-06-72
386-H-055	06-21-62	Non-Project Imports	¾	¾	08-28-72
386-H-056	06-21-62	Bandal Thermal Power Project	¾	¾	10-01-72
386-H-057	06-21-62	Patherdih Coal Washery	¾	¾	11-01-72
386-H-058	06-21-62	Fourth Railway	¾	¾	03-18-73
386-H-059	06-28-62	Second Premier Automobiles	¾	¾	12-03-73
386-H-060	06-11-62	Rayon Tire Cord Project	¾	¾	07-15-73
386-H-061	06-28-62	Pamba-Kakki Hydroelectric Project	¾	¾	08-09-73
386-H-062	06-28-62	Industrial Finance Corporation—Second Loan	¾	¾	06-19-74
386-H-063	06-11-62	Trombay Thermal Power Station	¾	¾	01-02-73
386-H-066	11-08-62	Hindustan Motor Loan	¾	¾	08-23-73
386-H-067	09-25-62	Telco Truck Expansion	¾	¾	03-28-73
386-H-068	05-21-63	Ramagundam Thermal Power	¾	¾	06-18-75
386-H-069	03-08-63	Delhi "C" Thermal Power Extension Station	¾	¾	01-21-75
386-H-077	03-08-63	Sapura Thermal Power	¾	¾	10-30-74
386-H-081	10-21-63	Central Ropeway "F" Project	¾	¾	11-27-74
386-H-082	02-25-63	Second Non-Project Loan	¾	¾	05-06-73
386-H-084	10-21-63	Chandrapura Thermal Elec. Power Proj., Stage II	¾	¾	01-18-75
386-H-086	10-21-63	Fifth Railway	¾	¾	01-06-75
386-H-087	11-29-63	Dugda Coal Washery Plant II	¾	¾	06-02-74
386-H-091	12-07-63	Tarapur Nuclear Power	¾	¾	06-24-74
386-H-101	07-21-64	National Engineering Industries Ltd.	¾	¾	10-14-76
386-H-103	02-24-64	Commodity Program Assistance—63-64	¾	2	08-10-74
386-H-104	06-19-64	Trombay Methanol and Fertilizer Project	¾	2	09-09-74
386-H-109	11-30-64	Sharavathi Hydroelectric Project III	¾	2	09-27-76
386-H-111	11-30-64	Commodity Program "L"	¾	2	04-13-75
386-H-115	03-31-65	Consulting Services "L"	¾	2	10-19-75
386-H-118	05-03-65	Hindustan Motors—Trucks	¾	2	04-18-76
386-H-119	05-03-65	Hindustan Motors—Shovels	¾	2	01-12-76
386-H-120	12-31-64	Telco Truck Expansion	¾	2	06-10-75
386-H-121	11-30-64	Sixth Railway	¾	2	06-28-75
386-H-137	06-17-65	Seventh Railway	1	2-½	05-17-75
386-H-138	06-17-65	Commodity Program Assistance—1964-1965	1	2-½	09-28-75

A.I.D.

Aid loan number	Date of agreement	Title	Interest rate		Initial amort. date
			Grace	Amort.	
386-H-141	05-25-66	Operation Hardrock	1	2-½	03-13-78
386-H-143	06-01-66	Dhuvaran Thermal Power II	1	2-½	01-08-78
386-H-152	01-04-66	Fertilizer Commodity Loan—1966	1	2-½	02-25-76
386-H-155	05-13-66	Commodity Program Assistance—1966	1	2-½	08-05-76
386-H-160	07-08-66	Commodity Program Assistance—1966	1	2-½	01-18-77
386-H-164	06-02-67	Indian Higher Education	1	2-½	12-16-78
386-H-168	05-10-67	Commodity Program Assistance—1967	1	2-½	12-04-77
386-H-176	10-28-67	Commodity Program Assistance—1967	1	2-½	04-02-78
386-H-184	05-12-68	Production Loan—1968	2	2-½	08-16-78
386-H-188	07-19-68	Fertilizer Commodity Loan—1968-1969	2	2-½	09-25-78
386-H-196	12-26-68	Production Loan—1969	2	3	06-24-79
386-H-200	10-16-69	Private Sector Capital Equipment Loan—1970	2	3	08-03-80
386-H-201	06-18-71	Indian Farmers Fertilizer Cooperative Ltd.	2	3	07-13-81
386-H-207	06-23-70	Production Loan—1970	2	3	09-14-80
386-H-212	03-13-71	Commodity Program Loan	2	3	06-17-81

ANNEX B

INDIA-AGENCY FOR INTERNATIONAL DEVELOPMENT
PAYMENTS SUBJECT TO RESCHEDULING FOR THE PERIOD
FROM AUGUST 28, 1974 TO MARCH 31, 1975
(in U.S. dollars)

<i>Loan no.</i>	<i>Due date</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
386-B-001	12-31-74	3,522,647.47	1,473,057.79	4,995,705.26
386-H-052	10-06-74	543,389.28	113,971.50	657,360.78
055	08-28-74	3,274,194.21	227,542.71	3,501,736.92 ¹
055	02-28-75	3,274,194.21	687,580.78	3,961,774.99
056	10-01-74	612,992.01	131,024.97	744,016.98
057	11-01-74	65,105.16	13,916.23	79,021.39
058	09-18-74	703,938.21	153,089.45	857,027.66
058	03-18-75	703,938.21	150,449.68	854,387.89
059	12-03-74	47,108.52	10,246.10	57,354.62
060	01-15-75	131,253.22	28,547.58	159,800.80
061	02-09-75	297,756.04	64,301.44	362,057.48
062	12-19-74	281,353.84	63,308.69	344,662.53
063	01-02-75	290,418.07	62,076.86	352,494.93
066	02-23-75	255,447.97	55,583.78	311,031.75
067	09-28-74	223,317.15	48,571.48	271,888.63
067	03-28-75	223,317.15	47,734.04	271,051.19
068	12-18-74	—	28,529.75	28,529.75
069	01-21-75	226,973.90	51,804.11	278,778.01
077	10-30-74	313,509.67	71,685.88	385,195.55
081	11-27-74	121,792.90	27,403.40	149,196.30
082	11-06-74	3,908,132.83	850,018.89	4,758,151.72
084	01-18-75	194,777.74	44,547.91	239,325.65
086	01-06-75	257,996.24	58,941.13	316,937.37
087	12-02-74	81,916.13	18,431.12	100,347.25
091	12-24-74	1,178,869.24	265,204.33	1,444,073.57
101	10-14-74	—	15,923.66	15,923.66
103	02-10-75	2,715,621.16	2,217,761.57	4,933,382.73
104	09-09-74	81,874.23	25,632.68	107,506.91
104	03-09-75	82,692.98	67,535.08	150,228.06
109	09-27-74	—	6,827.57	6,827.57
109	03-27-75	—	6,827.57	6,827.57
111	10-13-74	—	183,909.86	183,909.86
115	10-19-74	—	1,930.93	1,930.93
118	10-18-74	—	82,574.36	82,574.36
119	01-12-75	—	10,392.76	10,392.76
120	12-10-74	—	44,114.44	44,114.44
121	12-28-74	—	26,751.60	26,751.60
137	11-17-74	—	18,996.38	18,996.38
138	09-28-74	—	943,908.00	943,908.00
138	03-28-75	—	943,908.00	943,908.00
141	09-13-74	—	16,626.58	16,626.58
141	03-13-75	—	16,626.58	16,626.58
143	01-08-75	—	87,366.06	87,366.06
152	02-25-75	—	249,835.63	249,835.63
155	02-05-75	—	483,492.99	483,492.99
160	01-18-75	—	747,164.52	747,164.52
164	12-16-74	—	36,522.54	36,522.54
168	12-04-74	—	657,304.63	657,304.63

¹ Principal \$3,274,194.21 and interest \$699,859.01 totalling \$3,974,053.22 were paid. Upon signing of the agreement, AID will refund the total amount rescheduled, under Loan No. 386-H-055, \$3,501,736.92, to the Government of India.

<i>Loan no.</i>	<i>Due date</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
176	10-02-74	—	249,474.23	249,474.23
184	02-16-75	—	2,237,423.39	2,237,423.39
188	02-05-75	—	230,000.00	230,000.00
196	12-24-74	—	1,932,626.73	1,932,626.73
200	02-03-75	—	169,913.26	169,913.26
201	01-13-75	—	177,857.01	177,857.01
207	09-14-74	—	1,551,076.65	1,551,076.65
207	03-14-75	—	1,593,096.05	1,593,096.05
212	12-17-74	—	1,604,501.35	1,604,501.35
49 Loans		23,614,527.74	21,385,472.26	45,000,000.00

INDIA-AGENCY FOR INTERNATIONAL DEVELOPMENT

SCHEDULE OF REPAYMENT RESULTING FROM RESCHEDULING CERTAIN DOLLAR PAYMENTS
DUE AUGUST 28, 1974 TO MARCH 31, 1975

<i>Due date</i>	<i>Total</i>	<i>Interest 1.72%</i>	<i>Principal</i>	<i>Outstanding balance</i>
April 1, 1975	194,927.00	194,927.00 ¹		45,000,000.00
April 1, 1976	774,000.00	774,000.00		
April 1, 1977	774,000.00	774,000.00		
April 1, 1978	774,000.00	774,000.00		
April 1, 1979	774,000.00	774,000.00		
April 1, 1980	774,000.00	774,000.00		
April 1, 1981	774,000.00	774,000.00		
April 1, 1982	3,142,421.10	774,000.00	2,368,421.10	42,631,578.90
April 1, 1983	3,101,684.21	733,263.16	2,368,421.05	40,263,157.85
April 1, 1984	3,060,947.37	692,526.32	2,368,421.05	37,894,736.80
April 1, 1985	3,020,210.52	651,789.47	2,368,421.05	35,526,315.75
April 1, 1986	2,979,473.68	611,052.63	2,368,421.05	33,157,894.70
April 1, 1987	2,938,736.84	570,315.79	2,368,421.05	30,789,473.65
April 1, 1988	2,898,000.00	529,578.95	2,368,421.05	28,421,052.60
April 1, 1989	2,857,263.15	488,842.10	2,368,421.05	26,052,631.55
April 1, 1990	2,816,526.31	448,105.26	2,368,421.05	23,684,210.50
April 1, 1991	2,775,789.47	407,368.42	2,368,421.05	21,315,789.45
April 1, 1992	2,735,052.63	366,631.58	2,368,421.05	18,947,368.40
April 1, 1993	2,694,315.79	325,894.74	2,368,421.05	16,578,947.35
April 1, 1994	2,653,578.94	285,157.89	2,368,421.05	14,210,526.30
April 1, 1995	2,612,842.10	244,421.05	2,368,421.05	11,842,105.25
April 1, 1996	2,572,105.26	203,684.21	2,368,421.05	9,473,684.20
April 1, 1997	2,531,368.42	162,947.37	2,368,421.05	7,105,263.15
April 1, 1998	2,490,651.58	122,210.53	2,368,421.05	4,736,842.10
April 1, 1999	2,449,894.73	81,473.68	2,368,421.05	2,368,421.05
April 1, 2000	2,409,157.89	40,736.84	2,368,421.05	-0-
TOTAL	57,578,926.99	12,578,926.99	45,000,000.00	

¹ Interest is computed from last due date of individual loan to March 31, 1975, at contractual interest rate on total amount rescheduled.

INDIA CONSORTIUM

RECORD OF UNDERSTANDING REGARDING DEBT RELIEF TO INDIA, 1974/75

1. Following a meeting of the India Consortium in Paris on June 13 and 14, 1974, and subsequent discussions, members agreed to provide debt relief to India for 1974/75 as follows:

	<i>Millions of creditor currency units¹</i>	<i>US\$ millions¹</i>
Austria	50.86	2.43
Belgium	71.37	1.77
Canada	²	²
Denmark	4.99 ³	0.79 ³
France	69.28	15.05
Germany	154.00	57.70
Italy	⁴	⁴
Japan	12,142.86	43.35
Netherlands	12.76	4.59
Norway	⁵	⁵
Sweden	5.79	1.27
UK	9.38	21.80
USA	45.00	45.00
TOTAL		<u>193.75</u>

¹ Based on exchange rates prevailing in December 1973.

² Canada has indicated that it is not able to participate at this time in debt relief for India in 1974/75 and is, therefore, not at this time a party to this Record of Understanding.

³ Denmark is providing DKr 2.99 million of this total by permitting payment in rupees.

⁴ Italy has confirmed that it would participate in debt relief. Although Italy has not so far determined the amount of its contribution, it has indicated that its contribution will fall short of 45% of debt service due.

⁵ In February 1973, Norway wrote off the full stock of public debt held by India.

2. Members agreed that as from 1974/75 their overall assistance, comprising new aid as well as debt relief, would be on terms equivalent to a grant element of no less than 62%. Members also agreed that there was a need for further improvement and that as a longer-run goal they would aim at further raising the grant element of their overall assistance. France announced its intention of further improving the grant element of its debt relief but it could not at this time agree to the objective of 62%. Japan agreed to provide a grant element of 62% for debt relief but it could not agree to specify objectives for terms of new aid; however, Japan would continue its efforts to soften the terms of its aid to India. Italy has indicated that it would be unable to reach the 62% grant element in the terms of debt relief or new aid.

3. While agreeing to provide debt relief and new aid to India in 1974/75 members emphasized that progress in India was dependent above all on India's own efforts and the Government's policies. Particular importance was attached to the fuller use of domestic resources and of existing capacities, investment in agriculture and more effective export promotion.

4. The Government of India recognized the need to mobilize additional external assistance from sources other than the Consortium. Specifically, the Government of India will seek to realize a substantial positive net transfer of aid from the traditional non-Consortium countries; with respect to 1974/75, the Government will aim for, and estimates to receive, a net transfer from these countries in the range of the amount used in the World Bank's projection of India's balance of payments for the year. In this connection the Government stressed that India's aid and debt relations with the rupee payment area differed from those with the countries represented in the Consortium and did not impose a balance of payments strain on the Indian economy. It remained the Government's policy to accord comparable treatment to all its creditors. The Government of India was making an effort to secure debt relief from the traditional non-Consortium countries. The Government will also seek continued liberalization of aid and trade with such countries so as to assure the provision of commodities suited to India's needs. The Government of India will also seek to continue obtaining financial assistance from other non-Consortium sources. Finally, the Government of India will seek to achieve a softening in the terms of aid from all non-Consortium countries to match the quality of aid being provided by the Consortium.

5. 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 4.

G. V. RAMAKRISHNA
For the Government
of India

WILLIAM DIAMOND
For the Consortium

October 30, 1974.
