

No. 18421

**FEDERAL REPUBLIC OF GERMANY
and
INDIA**

**Agreement concerning commodity aid in 1978 (with annex).
Signed at New Delhi on 13 April 1978**

Authentic texts: German, Hindi and English.

Registered by the Federal Republic of Germany on 28 March 1980.

**RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE
et
INDE**

**Accord concernant une aide pour l'achat de marchandises
en 1978 (avec annexe). Signé à New Delhi le 13 avril
1978**

Textes authentiques : allemand, hindi et anglais.

Enregistré par la République fédérale d'Allemagne le 28 mars 1980.

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY AND THE GOVERNMENT OF INDIA CONCERNING COMMODITY AID IN 1978

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

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

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

Aware 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 bilateral commodity aid up to DM 70,000,000 (seventy million deutsche mark). The Government of the Federal Republic of Germany shall enable the Government of India to raise a loan up to that amount with the Kreditanstalt für Wiederaufbau (Development Loan Corporation), Frankfurt/Main.

(2) The loan shall be used to finance the importation of goods to meet current necessary civilian import requirements of India as listed in the annex to the present Agreement, including the cost of related services. Only imports for which import licences have been issued or letters of credit have been opened after 31 December 1977 are eligible for financing. When utilizing this amount, favourable consideration shall be given to the requirements of enterprises established in India with German capital participation, 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.

(3) The loan shall in principle be used only to cover costs arising in other than Indian currency.

(4) The utilization of the loan as well as the terms and conditions on which it is granted shall be governed by the provisions of the agreements to be concluded between the Government of India and the Kreditanstalt für Wiederaufbau, which shall be subject to the laws and regulations applicable in the Federal Republic of Germany.

(5) 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.

¹ Came into force on 13 April 1978 by signature, in accordance with article 6.

Article 2. 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 implementation, of the agreements referred to in article 1 (4) of the present Agreement.

Article 3. 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 provisions of the loan, abstain from taking any measures that might exclude or impair the participation on equal terms of transport enterprises having their place of business in the area of application of the present Agreement, and grant permits for the participation of such enterprises as required.

Article 4. With regard to supplies and services resulting from the provisions of the loan, the Government of the Federal Republic of Germany attaches particular importance to preference being given to the services and products of the enterprises in Land Berlin.

Article 5. With the exception of those provisions of article 3 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 of the date of entry into force of this Agreement.

Article 6. The Agreement shall enter into force on the date of signature thereof.

DONE at New Delhi on April 13, 1978, in duplicate in the German, Hindi and English languages, all three texts being authentic. In case of divergent interpretations of the German and Hindi texts, the English text shall prevail.

For the Government
of the Federal Republic of Germany:

[Signed — Signé]¹

For the Government
of India:

[Signed — Signé]²

ANNEX TO THE AGREEMENT OF APRIL 13, 1978, BETWEEN THE GOVERNMENT
OF THE FEDERAL REPUBLIC OF GERMANY AND THE GOVERNMENT OF
INDIA CONCERNING COMMODITY AID IN 1978

LIST OF GOODS AND SERVICES ELIGIBLE FOR FINANCING FROM THE LOAN
UNDER ARTICLE 1 (2) OF THE AGREEMENT

- (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) Chemical products, in particular fertilizers, plant protection agents, pesticides, medicaments;

¹ Signed by Dirk Oncken — Signé par Dirk Oncken.

² Signed by Manmohan Singh — Signé par Manmohan Singh.

- (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 for hospital requirements;
- (g) Consulting services, licence fees, acquisition of patents;
- (h) The costs, also in local currency, of transport, insurance and assembly arising in connexion with the importation of goods financed under the present Agreement.

Imports not included in the above 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, especially luxury goods, as well as any goods and equipments serving military purposes, may not be financed from the loan.
