

**No. 20278**

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**FEDERAL REPUBLIC OF GERMANY  
and  
INDIA**

**Agreement concerning financial assistance in 1979. Signed  
at New Delhi on 12 October 1979**

*Authentic texts: German, Hindi and English.*

*Registered by the Federal Republic of Germany on 31 July 1981.*

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**RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE  
et  
INDE**

**Accord d'aide financière (1979). Signé à New Delhi le  
12 octobre 1979**

*Textes authentiques : allemand, hindi et anglais.*

*Enregistré par la République fédérale d'Allemagne le 31 juillet 1981.*

AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE FEDERAL  
REPUBLIC OF GERMANY AND THE GOVERNMENT OF THE  
REPUBLIC OF INDIA CONCERNING FINANCIAL ASSISTANCE  
IN 1979

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The Government of the Federal Republic of Germany and the Government of the Republic 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 through fruitful co-operation in the field of development assistance,

Aware that the maintenance of those relations constitutes the basis of this 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 grant the Government of the Republic of India or other Indian borrowers to be determined jointly by the two Governments bilateral financial assistance up to DM 290,000,000 (two hundred and ninety million deutsche mark).

(2) This assistance shall consist of loans up to DM 290,000,000 (two hundred and ninety million deutsche mark) pursuant to Articles 2 to 4 of this Agreement.

*Article 2.* The Government of the Federal Republic of Germany shall enable the Government of the Republic of India and the institutions referred to in Article 3 (4) below to raise with the Kreditanstalt für Wiederaufbau (Development Loan Corporation), Frankfurt/Main, loans up to DM 290,000,000 (two hundred and ninety million deutsche mark).

*Article 3.* (1) The loans pursuant to Article 2 above shall be utilized in accordance with paragraphs 2 to 5 of this Article.

(2) Up to DM 240,000,000 (two hundred and forty million deutsche mark) shall be utilized for projects jointly selected by the two Governments if, after examination, they have been found eligible for promotion.

(3) Up to DM 35,000,000 (thirty five million deutsche mark) shall be made available to finance investment goods to meet India's civilian requirements whose order value does not in each individual case exceed DM 3,000,000 (three million deutsche mark); in exceptional cases supply values of up to DM 5,000,000 (five million deutsche mark) may be dealt with under this procedure. Orders whose value exceeds DM 1,000,000 (one million deutsche mark) shall be subject to prior approval by the Kreditanstalt für Wiederaufbau. The disbursement of the funds shall take place over a period until 31 March 1982. The Government of the Federal Republic of Germany proceeds on the understanding that the Government of the Republic of India will use the Rupee counterpart funds arising from the sale of the deutsche mark so loaned for development projects.

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<sup>1</sup> Came into force on 12 October 1979 by signature, in accordance with article 10.

(4) Up to a total of DM 15,000,000 (fifteen million deutsche mark) shall be made available both to the Industrial Finance Corporation of India (IFCI) and Industrial Credit and Investment Corporation of India (ICICI) to promote small and medium-sized industrial enterprises.

(5) The loans shall in principle be used only to meet costs arising in other than Indian currency.

*Article 4.* (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 laws and regulations applicable in the Federal Republic of Germany.

(2) The co-operating agencies responsible for the projects to be determined pursuant to Article 3 (2) above shall be free to make use, as appropriate, of any finance and guarantee opportunities made available to them by the Industrial Development Bank of India. The Government of the Republic of India shall ensure that the aforementioned Bank in all cases has sufficient Rupee funds to meet the requirements of such projects.

(3) The Government of the Republic of India, in so far as it is not itself the borrower, shall guarantee to the Kreditanstalt für Wiederaufbau all payments in deutsche mark to be made in fulfilment of the borrowers' liabilities under the Agreements to be concluded pursuant to paragraph 1 above. If the Reserve Bank of India or some other agency is granted powers as regards the transfer of payment, such agency, independently of the Government of the Republic of India, shall also guarantee the transfer of payments arising under the loan agreements.

*Article 5.* The Government of the Republic 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 4 (1) above.

*Article 6.* Both 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 granting of the loans, 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 this Agreement, and grant any necessary permits for the participation of such enterprises.

*Article 7.* Supplies and services for projects financed from the loans pursuant to Article 3 (2) above shall, unless otherwise provided for in individual cases, be subject to international public tender.

*Article 8.* With regard to supplies and services resulting from the granting of the loans, the Government of the Federal Republic of Germany attaches particular importance to preferential use being made of the economic potential of Land Berlin.

*Article 9.* With the exception of those provisions of Article 6 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 the Republic of India within three months of the date of entry into force of this Agreement.

*Article 10.* This Agreement shall enter into force on the date of signature thereof.

DONE at New Delhi on the 12th October, 1979 in duplicate in the German, Hindi and English languages, all three texts being equally 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]<sup>1</sup>

[Signed — Signé]<sup>2</sup>

For the Government  
of the Republic of India:

[Signed — Signé]<sup>3</sup>

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<sup>1</sup> Signed by Dirk Oncken — Signé par Dirk Oncken.

<sup>2</sup> Signed by F. Klamser — Signé par F. Klamser.

<sup>3</sup> Signed by R. N. Malhotra — Signé par R. N. Malhotra.