

No. 26784

**FEDERAL REPUBLIC OF GERMANY
and
INDIA**

Agreement concerning financial cooperation—*Financing of capital goods and promotion of investment*. Signed at New Delhi on 3 June 1987

Authentic texts: German, Hindi and English.

Registered by the Federal Republic of Germany on 5 September 1989.

**RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE
et
INDE**

Accord de coopération financière — *Financement de biens d'équipement et promotion des investissements*. Signé à New Delhi le 3 juin 1987

Textes authentiques : allemand, hindi et anglais.

Enregistré par la République fédérale d'Allemagne le 5 septembre 1989.

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE FEDERAL
REPUBLIC OF GERMANY AND THE GOVERNMENT OF THE
REPUBLIC OF INDIA CONCERNING FINANCIAL CO-OPER-
ATION

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

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

Desiring to strengthen and intensify those friendly relations through financial
co-operation in a spirit of partnership,

Aware that the maintenance of those relations constitutes the basis of this
Agreement.

[Intending to contribute to social and economic development in the Republic of
India,]²

With reference to the Indian-German consultations held on 21 and 22 October
1986 (item 3.3 of the Minutes of Meeting), the letter of 16 December 1986 from
the Embassy of the Federal Republic of Germany in New Delhi and the letter of
19 December 1986 in reply thereto from the Government of the Republic of India
(Ministry of Finance, Department of Economic Affairs),

Have agreed as follows:

Article 1

The Government of the Federal Republic of Germany shall enable the Govern-
ment of the Republic of India or other recipients to be determined jointly by the two
Governments to obtain from the Kreditanstalt für Wiederaufbau (Development
Loan Corporation), Frankfurt/Main, subject to the fulfilment of the applicable bud-
getary requirements, loans up to a total of DM 87,500,000 (eighty-seven million five
hundred thousand Deutsche Mark) for the projects referred to in Article 2 of this
Agreement.

Article 2

(1) The loans referred to in Article 1 of this Agreement shall be utilized in
accordance with the provisions of paragraphs 2 and 3 below.

(2) A loan of up to DM 37,500,000 (thirty-seven million five hundred thousand
Deutsche Mark) shall be made available to finance capital goods to meet India's
civilian requirements whose order value in individual cases does not exceed
DM 7,000,000 (seven million Deutsche Mark). In exceptional cases, supplies worth
up to DM 10,000,000 (ten million Deutsche Mark) may be included in this procedure.
Orders worth over DM 2,000,000 (two million Deutsche Mark) shall be subject to the
prior approval of the Kreditanstalt für Wiederaufbau. The Government of the Fed-
eral Republic of Germany proceeds on the understanding that the Government of

¹ Came into force on 3 June 1987 by signature, in accordance with article 8.

² The sentence between brackets does not appear in the authentic Hindi text.

the Republic of India will utilize the counterpart rupee funds accruing from the sale of the Deutsche Mark so loaned for development projects.

(3) Loans up to a total of DM 50,000,000 (fifty million Deutsche Mark) shall be made available to Indian financing institutions for the purpose of promoting investment projects of medium-sized private enterprises of the processing industry if, after examination, the projects have been found eligible for promotion.

Of this amount,

(a) The Industrial Credit and Investment Corporation of India (ICICI) shall receive up to DM 25,000,000 (twenty-five million Deutsche Mark) and

(b) The Industrial Finance Corporation of India (IFCI) shall receive up to DM 25,000,000 (twenty-five million Deutsche Mark).

(4) The projects referred to in paragraph 3 above may be replaced by other projects if the Government of the Republic of India and the Government of the Federal Republic of Germany so agree.

Article 3

(1) The utilization of the amount referred to in Article 1 of this Agreement as well as the terms and conditions on which it is made available shall be governed by the provisions of the agreements to be concluded between the recipients of the loans and the Kreditanstalt für Wiederaufbau, which shall be subject to the laws and regulations applicable in the Federal Republic of Germany.

(2) The Government of the Republic of India, insofar 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.

Article 4

The Government of the Republic of India shall exempt the Kreditanstalt für Wiederaufbau from all taxes and other public charges levied in India in connection with the conclusion and implementation of the agreements referred to in Article 3 of the present Agreement.

Article 5

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 6

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 7

With the exception of those provisions of Article 5 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 8

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

DONE at New Delhi on 3 June 1987 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 the Republic of India:

[Signed — Signé]²

¹ Signed by Günther Schödel — Signé par Günther Schödel.

² Signed by S. Venkitaramanan — Signé par S. Venkitaramanan.