

No. 26785

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**FEDERAL REPUBLIC OF GERMANY**  
**and**  
**INDIA**

**Agreement concerning financial cooperation—*Publicly assisted house building and other projects (with annex).***  
**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.*

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**RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE**  
**et**  
**INDE**

**Accord de coopération financière — *Aide publique à la construction de logement et autres projets (avec annexe).*** 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.*

AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE FEDERAL  
REPUBLIC OF GERMANY AND THE GOVERNMENT OF THE  
REPUBLIC OF INDIA CONCERNING FINANCIAL CO-OPER-  
ATION IN 1987

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,

With reference to the negotiations held from 6 to 9 April 1987 and to the Minutes  
of 9 April 1987,

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 307,500,000 (three hundred and seven  
million five hundred thousand Deutsche Mark) for the projects referred to in Arti-  
cle 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 to 6 below.

(2) Loans up to a total of DM 215,000,000 (two hundred and fifteen million  
Deutsche Mark) shall be utilized for the following projects if, after examination, they  
have been found eligible for promotion:

(a) Publicly assisted house-building by the Housing Development Finance  
Corporation (HDFC),

(b) Rural water supplies,

(c) Ramagundam open-cast pit-coal mining,

(d) Dry beneficiation of power station coal project for Bina,

(e) Uran combined gas-steam power plant,

<sup>1</sup> Came into force on 3 June 1987 by signature, in accordance with article 9.

(f) Neyveli III lignite combine,

(g) Cable terminal boxes II.

(3) A loan of up to DM 22,500,000 (twenty-two 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 Federal Republic of Germany proceeds on the understanding that the Government of the Republic of India will utilize the counterpart rupee funds accruing from the sale of the Deutsche Mark so loaned for development projects.

(4) Loans of up to DM 5,000,000 (five million Deutsche Mark) each shall be made available to the Industrial Credit and Investment Corporation of India (ICICI) and the Industrial Finance Corporation of India (IFCI) for the purpose of promoting investment projects of small and medium-sized private enterprises of the manufacturing industry if, after examination, the projects have been found eligible for promotion.

(5) A loan of up to DM 15,000,000 (fifteen million Deutsche Mark) shall be made available to the National Bank for Agriculture and Rural Development (NABARD) for the purpose of promoting agricultural investments under the NABARD lending scheme for the period 1986/87 to 1988/89 if, after examination, the projects have been found eligible for promotion.

(6) A loan of up to DM 45,000,000 (forty-five million Deutsche Mark) shall be utilized to meet foreign exchange costs resulting from the purchase of goods and services to cover current civilian requirements, and to meet foreign exchange and local currency costs of transport, insurance and assembly arising in connection with the importation of goods financed under this Agreement. The supplies and services must be such as are covered by the list annexed to this Agreement and for which shipping documents have been drawn up after 10 April 1987 or which have been provided after that date. When utilizing this amount, favourable consideration shall be given to the requirements of enterprises established in India with German financial participation, as well as to holders of German licences, to the extent that such requirements are not to be met within the scope of the measures adopted by the Government of the Republic of India for the liberalization of imports. The Government of the Federal Republic of Germany proceeds on the understanding that the Government of the Republic of India will utilize the counterpart rupee funds accruing from the sale of the Deutsche Mark so loaned for development projects.

(7) The projects referred to in paragraphs 2, 3, 4 and 5 above may be replaced by other projects if the Government of the Federal Republic of Germany and the Government of the Republic of India so agree.

(8) This Agreement shall also apply if, at a later date, the Government of the Federal Republic of Germany enables the Government of the Republic of India to obtain from the Kreditanstalt für Wiederaufbau, Frankfurt/Main, further loans or financial contributions for the preparation of the projects referred to in paragraphs 2 to 5 above or financial contributions for attendant measures required for their implementation and support. Financial contributions for preparatory and attendant

measures shall be converted into loans in the event that they are not used for such measures.

(9) The Government of the Federal Republic of Germany will endeavour, on the basis of existing national directives and provided the other conditions for cover are met, to assume guarantees up to a maximum amount of DM 163,000,000 (one hundred and sixty-three million Deutsche Mark) in respect of that part of the value of an order not financed from loans granted within the scope of financial co-operation and pertaining to export deals for the implementation of the projects referred to in paragraphs 2 (c), (d), (e), (f) and (g) above concluded with enterprises having their place of business in the German area of application of this Agreement. The following Articles of this Agreement shall also apply to the loans granted in addition to those envisaged within the scope of financial co-operation, provided that the Kreditanstalt für Wiederaufbau is the lender.

#### *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 sponsors of the projects referred to in Article 2 (2) of this Agreement shall be free to avail themselves of the financing and guarantee facilities provided by the Industrial Development Bank of India. The Government of the Republic 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 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*

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 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

(1) The project “Hazira-Bijaipur-Jagdishpur natural gas pipeline” referred to in Article 2 (2) (d) of the Agreement of 28 May 1985<sup>1</sup> concluded between the two Governments shall be partially replaced by the project “Ramagundam open-cast pit-coal mining” if, after examination, the project has been found eligible for promotion.

(2) In all other respects the provisions of the Agreement of 28 May 1985 referred to in paragraph 1 above, including the Berlin clause (Article 6), shall continue to apply to the arrangement provided for in paragraph 1 above.

(3) The project “Hardwar turbo generator factory” selected pursuant to Article 3 (2) of the Agreement of 23 June 1978<sup>2</sup> concluded between the two Governments shall be partially replaced by the project “Ramagundam open-cast pit-coal mining” if, after examination, the project has been found eligible for promotion.

(4) In all other respects the provisions of the Agreement of 23 June 1978 referred to in paragraph 3 above, including the Berlin clause (article 10), shall continue to apply to the arrangement provided for in paragraph 3 above.

### Article 9

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

DONE at New Delhi on 3rd 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]<sup>3</sup>

For the Government  
of the Republic of India:

[Signed — Signé]<sup>4</sup>

<sup>1</sup> United Nations, *Treaty Series*, vol. 1440, p. 347.

<sup>2</sup> *Ibid.*, vol. 1164, p. 333.

<sup>3</sup> Signed by Günther Schödel — Signé par Günther Schödel.

<sup>4</sup> Signed by S. Venkitaramanan — Signé par S. Venkitaramanan.

ANNEX TO THE AGREEMENT OF 3rd JUNE 1987 BETWEEN THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY AND THE GOVERNMENT OF THE REPUBLIC OF INDIA CONCERNING FINANCIAL CO-OPERATION IN 1987

1. List of goods and services eligible for financing from the loan under Article 2 (6) of the above-mentioned Agreement up to DM 45,000,000 (forty-five million Deutsche Mark):

- (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,
- (e) Other industrial products of importance for the economic development of India,
- (f) Equipment and apparatus for scientific and technical civilian research institutes, as well as hospital supplies,
- (g) Advisory services, patents and licence fees.

2. Imports not included in the above list may only be financed with the prior approval of the Government of the Federal Republic of Germany.

3. The importation of luxury and consumer goods for personal needs as well as any goods and facilities serving military purposes may not be financed from the loan.

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