No. 6011

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and INDIA

Loan Agreement—*Private Sector Coal Production Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 9 August 1961

Official text: English.

Registered by the International Bank for Reconstruction and Development on 20 December 1961.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et INDE

Contrat d'emprunt — *Projet relatif à la production de houille dans le secteur privé* (avec, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 9 août 1961

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 20 décembre 1961.

No. 6011. LOAN AGREEMENT[1] (*PRIVATE SECTOR COAL PRODUCTION PROJECT*) BETWEEN INDIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 9 AUGUST 1961

AGREEMENT, dated August 9, 1961, between INDIA, acting by its President (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961,[2] subject, however, to the modifications thereof set forth in Section 1.02 of this Agreement (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. (*a*) Paragraph 5 of Section 10.01 of the Loan Regulations is amended to read as follows :

" 5. The term ' Borrower ' means India, acting by its President. "

(*b*) Section 5.03 of the Loan Regulations is amended to read as follows :

" SECTION 5.03. *Cancellation by the Bank.* If (*a*) the right of the Borrower to make withdrawals from the Loan Account shall have been suspended with respect to any amount of the Loan for a continuous period of thirty days, or (*b*) if by the date specified in the Loan Agreement as the Closing Date in respect of any part of the Loan such part of the Loan shall not have been withdrawn from the Loan Account, the Bank may by notice to the Borrower terminate the right of the Borrower to make withdrawals with respect to such part of the Loan. Upon the giving of such notice such part of the Loan shall be cancelled. "

Section 1.03. Wherever used in this Agreement, unless the context otherwise requires, the following terms shall have the following meanings :

[1] Came into force on 18 October 1961, upon notification by the Bank to the Government of India.
[2] See p. 316 of this volume.

1. The term "Project" shall mean the program for which the Loan is granted, as described in Schedule 2[1] to this Agreement and as the description thereof shall be amended from time to time by agreement between the Borrower and the Bank.

2. The term "Mining Entreprise" shall mean a coal mining enterprise of the private sector to which the Borrower, acting on the recommendations of the Screening Committee, shall have decided to make foreign exchange available out of the proceeds of the Loan for the purposes of the Project.

3. The term "Mining Project" shall mean a specific project, approved by the Bank as in Article III of this Agreement provided, for the expansion of coal production of a Mining Enterprise by : (*a*) the acquisition by such Mining Enterprise of coal mining equipment with foreign exchange made available out of the proceeds of the Loan and (*b*) the utilization of such equipment for (i) expansion of existing mines or (ii) opening of new mines.

4. The term "Screening Committee" shall mean a committee established and operating under terms of reference satisfactory to the Borrower and the Bank and composed of mining and financial experts representing the Borrower and the Mining Enterprises, among the functions of which shall be : (*a*) the examination of the Mining Projects and (*b*) recommendations of the Borrower for submission to the Bank in respect of (i) Mining Projects and (ii) the use of foreign exchange out of the proceeds of the Loan for the acquisition of goods for replacement and maintenance of existing equipment of Mining Enterprises.

Article II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to thirty-five million dollars ($35,000,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Loan Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Loan Regulations; provided, however, that, unless the Borrower and the Bank shall otherwise agree : (i) withdrawals in respect of each Mining Project approved by the Bank pursuant to Section 3.01 (*c*) of this Agreement shall not exceed the amount of foreign exchange allocated to such Mining Project in such approval; and (ii) no withdrawals shall be made on account of expenditures prior to April 1, 1961.

[1] See p. 314 of this volume.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($^3/_4$ of 1 %) per annum on the principal amount of the Loan not so withdrawn from time to time. Such commitment charge shall accrue from a date sixty days after the date of this Agreement to the respective dates on which amounts shall be withdrawn by the Borrower from the Loan Account as provided in Article IV of the Loan Regulations or shall be cancelled pursuant to Article V of the Loan Regulations.

Section 2.04. The Borrower shall pay interest at the rate of five and three-fourths per cent (5 $^3/_4$ %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Except as the Borrower and the Bank shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($^1/_2$ of 1 %) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on May 15 and November 15 in each year.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1[1] to this Agreement.

Article III

Use of Proceeds of the Loan

Section 3.01. (*a*) The Borrower shall cause the proceeds of the Loan to be applied exclusively to the provision of the foreign exchange required for the cost of goods needed to carry out (i) such Mining Projects as shall from time to time be approved by the Bank and (ii) part B (2) (ii) of the Project. The specific goods to be acquired with the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

(*b*) When submitting a Mining Project to the Bank for approval, the Borrower shall furnish or cause to be furnished to the Bank : (i) an application in form and substance satisfactory to the Bank and containing a statement of the amount of foreign exchange required for such Mining Project, (ii) a copy of the recommendations of the Screening Committee with respect to such Mining Project, (iii) a description of such Mining Project and (iv) such other information thereon as the Bank shall reasonably request whether before or after the Bank shall have given such approval.

[1] See p. 314 of this volume.

(*c*) Whenever the application of the Borrower for approval by the Bank of a Mining Project and the accompanying documents and other evidence and information thereon required by the Bank shall be satisfactory to the Bank, the Bank shall approve such Mining Project and the use of an amount in foreign exchange from the Loan estimated to be required therefor; provided, however, that, except as the Borrower and the Bank shall otherwise agree (i) the aggregate total amount so approved by the Bank for Mining Projects in respect of the opening of new mines shall not exceed the equivalent of five million dollars ($5,000,000) and (ii) no Mining Project for expansion of existing mines shall be so approved by the Bank if foreign exchange out of the proceeds of the Loan shall be required therefor after March 31, 1963.

Section 3.02. Except as the Borrower and the Bank shall otherwise agree, the Borrower shall cause all goods acquired out of the proceeds of the Loan to be used in the territories of the Borrower exclusively in the carrying out of the Project.

Article IV

Bonds

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. A Secretary to the Government of India in the Ministry of Finance is designated as the authorized representative of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

Article V

Particular Covenants

Section 5.01. (*a*) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound engineering, mining and financial practices.

(*b*) The Borrower shall make or cause to be made available promptly as needed all sums in foreign exchange which shall be required for the carrying out of the Project.

(*c*) The Borrower shall provide, on reasonable terms, such adequate credit facilities, guarantees or other financial assistance to Mining Enterprises as shall reasonably be required to carry out the Project.

Section 5.02. (*a*) The Borrower shall exercise its rights in relation to each Mining Enterprise in such manner as to protect the interests of the Borrower and the Bank.