

No. 6018

---

**INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
INDIA**

**Development Credit Agreement—*Uttar Pradesh Tubewell Irrigation Project* (with related letters, annexed Development Credit Regulations No. 1 and Project Agreement between the Association and the State of Uttar Pradesh). Signed at Washington, on 6 September 1961**

*Official text: English.*

*Registered by the International Development Association on 22 December 1961.*

---

**ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT  
et  
INDE**

**Contrat de crédit de développement — *Projet d'irrigation par puits-tubes dans l'Uttar Pradesh* (avec lettres y relatives et, en annexe, le Règlement n° 1 sur les crédits de développement et le Contrat relatif au Projet entre l'Association et l'État d'Uttar Pradesh). Signé à Washington, le 6 septembre 1961**

*Texte officiel anglais.*

*Enregistré par l'Association internationale de développement le 22 décembre 1961.*

No. 6018. DEVELOPMENT CREDIT AGREEMENT<sup>1</sup> (*UTTAR PRADESH TUBEWELL IRRIGATION PROJECT*) BETWEEN INDIA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 6 SEPTEMBER 1961

AGREEMENT, dated September 6, 1961, between INDIA, acting by its President (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower and the State of Uttar Pradesh have requested the Association to assist in the financing of the Uttar Pradesh tubewell irrigation project in the State of Uttar Pradesh;

WHEREAS the State of Uttar Pradesh will, with the Borrower's assistance, carry out the Uttar Pradesh tubewell irrigation project, and, as part of such assistance, the Borrower will make available to the State the proceeds of the credit provided for herein; and

WHEREAS the Association is willing to make a development credit available on the terms and conditions provided herein and in a project agreement of even date<sup>2</sup> herewith between the State of Uttar Pradesh and the Association ;

NOW THEREFORE the parties hereto hereby agree as follows :

*Article I*

CREDIT REGULATIONS; DEFINITIONS

*Section 1.01.* The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961<sup>2</sup>, subject, however, to the modifications thereof set forth in Section 1.02 of this Agreement (said Development Credit Regulations No. 1 as so modified being hereinafter called the Regulations), with the same force and effect as if they were fully set forth herein.

*Section 1.02.* (a) Paragraph 5 of Section 9.01 of the Regulations is amended to read as follows :

“ 5. The term ‘ Borrower ’ means India, acting by its President. ”

<sup>1</sup> Came into force on 12 December 1961, upon notification by the Association to the Government of India.

<sup>2</sup> See p. 98 of this volume.

(b) Section 6.02 is amended by inserting the words " or the Project Agreement " after the words " the Development Credit Agreement. "

(c) For the purposes of this Agreement the term " goods " as defined in paragraph 10 of Section 9.01 of the Regulations shall include any property required for the Project.

*Section 1.03.* Unless the context otherwise requires, the following terms, wherever used in this Agreement or in the Regulations, shall have the following meanings :

(a) " Uttar Pradesh " means the State of Uttar Pradesh, a state of India, or any successor thereof.

(b) " Project Agreement " means the project agreement of even date herewith between Uttar Pradesh and the Association and shall include any amendments thereof made by agreement between Uttar Pradesh and the Association.

## *Article II*

### THE CREDIT

*Section 2.01.* The Association agrees to make available to the Borrower, on the terms and conditions in this Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to six million dollars (\$6,000,000).

*Section 2.02.* The Association shall open a Credit Account on its books in the name of the Borrower and shall credit to such Credit Account the amount of the Credit. The Amount of the Credit may be withdraw from the Credit Account as provided in, and subject to the rights of cancellation and suspensions set forth in, this Agreement and the Regulations.

*Section 2.03.* Except as the Borrower and the Association shall otherwise agree :

(a) The Borrower shall be entitled, subject to the provisions of this Agreement, to withdraw from the Credit Account : (i) the equivalent of a percentage or percentages to be established from time to time by agreement between the Borrower and the Association of such amounts as shall have been expended by the Borrower for the reasonable cost of goods required for carrying out the Project; (ii) such amounts as shall have been otherwise expended for the reasonable cost of goods required for carrying out the Project and not included in the foregoing; and (iii) if the Association shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of the foregoing.

(b) Withdrawals from the Credit Account shall be in such freely convertible currency or currencies as the Association shall from time to time reasonably select.

(c) Notwithstanding the foregoing provisions of this Section or of the Regulations, no withdrawals shall be made on account of expenditures prior to April 1, 1961.

*Section 2.04.* The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ( $\frac{3}{4}$  of 1 %) per annum on the principal amount of the Credit withdrawn and outstanding from time to time. The Borrower shall also pay to the Association a service charge at the same rate on the principal amount of any special commitment entered into by the Association pursuant to Section 4.02 of the Regulations.

*Section 2.05.* Service charges shall be payable semi-annually on May 1 and November 1 in each year.

*Section 2.06.* The Borrower shall repay the principal amount of the Credit in semi-annual instalments payable on each May 1 and November 1 commencing November 1, 1971, and ending May 1, 2011, each instalment to and including the instalment payable on May 1, 1981, to be  $\frac{1}{2}$  of 1 % of such principal amount, and each instalment thereafter to be  $1\frac{1}{2}$  % of such principal amount.

### *Article III*

#### USE OF PROCEEDS OF THE CREDIT

*Section 3.01.* The Borrower shall cause the proceeds of the Credit to be applied exclusively to financing the cost of goods required to carry out the Project described in Schedule 1<sup>1</sup> to this Agreement. The specific goods to be financed out of the proceeds of the Credit and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

*Section 3.02.* Except as the Borrower and the Association shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Credit to be used in the territories of the Borrower exclusively in the carrying out of the Project and, upon completion of the Project, for tubewell irrigation purposes.

### *Article IV*

#### PARTICULAR COVENANTS

*Section 4.01.* (a) The Borrower shall cause the Project to be carried out and maintained with due diligence and efficiency and in conformity with sound engineering, agricultural and financial practices.

---

<sup>1</sup> See p. 92 of this volume.

(b) The Borrower shall take or cause to be taken all action which shall be necessary on its part to enable Uttar Pradesh to perform all the covenants and agreements on the part of Uttar Pradesh to be performed as set forth in the Project Agreement.

(c) The Borrower shall make or cause to be made available promptly as needed all sums which shall be required for the carrying out of the Project, all such sums to be made available on terms and conditions satisfactory to the Borrower and the Association.

*Section 4.02.* (a) The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower and the Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit and the maintenance of the service thereof. The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the maintenance of the service thereof.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

*Section 4.03.* The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes (including duties, fees or impositions) imposed under the laws of the Borrower or laws in effect in its territories and free from all restrictions imposed under the laws of the Borrower or laws in effect in its territories.

*Section 4.04.* This Agreement shall be free from any taxes (including duties, fees or impositions) that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

### *Article V*

#### REMEDIES OF THE ASSOCIATION

*Section 5.01.* (i) If any event specified in paragraph (a) or paragraph (c) of Section 5.02 of the Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified or referred to in paragraph (b) or paragraph (j) of Section 5.02 of the Regulations shall occur and shall continue for