

No. 6422

**INTERNATIONAL DEVELOPMENT
ASSOCIATION
and
INDIA**

Development Credit Agreement—*Telecommunications Project* (with related letter and annexed Development Credit Regulations No. 1). Signed at Washington, on 14 September 1962

Official text: English.

Registered by the International Development Association on 12 December 1962.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
INDE**

Contrat de crédit de développement — *Projet relatif aux télécommunications* (avec lettre y relative et, en annexe, le Règlement n° 1 sur les crédits de développement). Signé à Washington, le 14 septembre 1962

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 12 décembre 1962.

No. 6422. DEVELOPMENT CREDIT AGREEMENT¹ (*TELECOMMUNICATIONS PROJECT*) BETWEEN INDIA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 14 SEPTEMBER 1962

AGREEMENT, dated September 14, 1962, between INDIA, acting by its President (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

Article I

CREDIT REGULATIONS

Section 1.01. The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961² 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. Paragraph 5 of Section 9.01 of the said Development Credit Regulations No. 1 is amended to read as follows :

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

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 forty-two million dollars (\$42,000,000).

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 The amount of the Credit may be withdrawn from the Credit Account as

¹ Came into force on 1 November 1962, upon notification by the Association to the Government of India.

² See p. 18 of this volume.

provided in, and subject to the rights of cancellation and suspension 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) amounts expended for the reasonable cost of goods to be financed out of the proceeds of the Credit, and (ii) 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) No withdrawals shall be made on account of (i) expenditures prior to April 1, 1962, or (ii) expenditures in the currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower.

Section 2.04. Withdrawals from the Credit Account shall be in such currency or currencies as the Association shall from time to time select.

Section 2.05. 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 and outstanding from time to time.

Section 2.06. Service charges shall be payable semi-annually on March 1 and September 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semi-annual instalments payable on each March 1 and September 1 commencing March 1, 1973 and ending September 1, 2012, each instalment to and including the instalment payable on September 1, 1982 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 1¹ 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

¹ See p. 14 of this volume.

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 and operation of the Project.

Article IV

PARTICULAR COVENANTS

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

(b) Upon request from time to time by the Association, the Borrower shall promptly furnish or cause to be furnished to the Association the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Association shall request.

(c) The Borrower shall at all times make or cause to be made available promptly as needed all sums which shall be required for the carrying out of the Project.

(d) To assist in reviewing the accounting procedures of the Borrower's telecommunication operations, the Borrower shall employ suitably qualified consultants. The selection of the consultants, the period of their employment, and the nature and scope of their responsibilities shall be subject to agreement between the Borrower and the Association.

(e) The Borrower shall : (i) maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Credit, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition with respect to the Project of the agency or agencies of the Borrower responsible for the carrying out of the Project or for the operation of the telecommunications facilities of the Borrower, or any part thereof ; (ii) enable the Association's representatives to inspect the Project, the goods and any relevant records and documents ; and (iii) furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the Project, and the goods, and the operations and financial condition with respect to the Project of the agency or agencies of the Borrower responsible for the carrying out of the Project or the operation of the telecommunications facilities of the Borrower, or any part thereof.