

No. 6911

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
INDIA**

**Development Credit Agreement—*Seventh Railway Project*
(with related letter and annexed Development Credit
Regulations No. 1). Signed at Washington, on
22 March 1963**

Official text: English.

Registered by the International Development Association on 18 September 1963.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
INDE**

**Contrat de crédit de développement — *Septième projet
relatif aux chemins de fer* (avec lettre connexe et, en
annexe, le Règlement n° 1 sur les crédits de développe-
ment). Signé à Washington, le 22 mars 1963**

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 18 septembre 1963.

No. 6911. DEVELOPMENT CREDIT AGREEMENT¹ (*SEVENTH RAILWAY PROJECT*) BETWEEN INDIA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 22 MARCH 1963

AGREEMENT, dated March 22, 1963, between INDIA, acting by its President (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the International Bank for Reconstruction and Development has previously financed the foreign exchange costs of six projects forming a part of the programs for rehabilitation, modernization, expansion and increase in capacity of the Railways owned and operated by the Borrower and has entered into loan agreements with the Borrower dated August 18, 1949,² July 12, 1957,³ September 16, 1958,⁴ July 15, 1959;⁵ July 29, 1960⁶ and October 13, 1961⁷ providing for such projects;

WHEREAS the Borrower has requested the Association to assist in financing a seventh railway project; and

WHEREAS the Association is willing to make a development credit available for such seventh railway project on the terms and conditions hereinafter provided;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

DEVELOPMENT CREDIT REGULATIONS; SPECIAL DEFINITION

Section 1.01. The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961,⁸ with the same force and effect as if they were fully set forth herein, subject,

¹ Came into force on 2 May 1963, upon notification by the Association to the Government of India.

² United Nations, *Treaty Series*, Vol. 154, p. 269.

³ United Nations, *Treaty Series*, Vol. 288, p. 135.

⁴ United Nations, *Treaty Series*, Vol. 323, p. 235.

⁵ United Nations, *Treaty Series*, Vol. 346, p. 33.

⁶ United Nations, *Treaty Series*, Vol. 377, p. 153.

⁷ United Nations, *Treaty Series*, Vol. 418, p. 3.

⁸ See p. 18 of this volume.

however, to the following modification thereof (said Development Credit Regulations No. 1 as so modified being hereinafter called the Regulations) :

Paragraph 5 of Section 9.01 is amended to read as follows :

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

Section 1.02. Wherever used in this Agreement or in the Schedule¹ thereto, unless the context otherwise requires, the term “ Railways ” means the railways owned and operated by the Borrower and includes all railway property, equipment and materials of the Borrower.

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 sixty-seven million five hundred thousand dollars (\$67,500,000).

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 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 October 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

¹ See p. 14 of this volume.

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 May 1 and November 1 in each year.

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

Article IV

PARTICULAR COVENANTS

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

(b) 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.

(c) Upon request from time to time by the Association, the Borrower shall promptly furnish or cause to be furnished to the Association the plans, speci-