

No. 7753

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
INDIA**

Development Credit Agreement—*Second Telecommunications Project* (with related letter and annexed Development Credit Regulations No. 1). Signed at Washington, on 6 July 1964

Official text: English.

Registered by the International Development Association on 10 May 1965.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
INDE**

Contrat de crédit de développement — *Deuxième projet relatif aux télécommunications* (avec lettre y relative et, en annexe, le Règlement n° 1 sur les crédits de développement). Signé à Washington, le 6 juillet 1964

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 10 mai 1965.

No. 7753. DEVELOPMENT CREDIT AGREEMENT¹ (*SECOND TELECOMMUNICATIONS PROJECT*) BETWEEN INDIA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 6 JULY 1964

AGREEMENT, dated July 6, 1964, 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, 1961,² subject, however, to the following modifications thereof (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 :

(a) Section 3.01 is deleted and the following new section is substituted therefor :

“SECTION 3.01. *Currencies in which Cost of Goods is to be Paid and Proceeds of the Credit are to be Withdrawn.* (a) Except as the Borrower and the Association shall otherwise agree, the cost of goods financed out of the proceeds of the Credit shall be paid in the respective currencies of the countries from which such goods are acquired.

“ (b) The proceeds of the Credit shall be withdrawn from the Credit Account :

“ (i) on account of expenditures in currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower, in such currency or currencies as the Association shall from time to time reasonably select;

“ (ii) in all other cases, in the currency in which the cost of the goods financed out of such proceeds has been paid or is payable.

¹ Came into force on 4 August 1964, upon notification by the Association to the Government of India.

² See p. 68 of this volume.

“(c) The Borrower and the Association may from time to time agree on any other currency in which withdrawals shall be made.”

(b) A new Section 3.04 is inserted after Section 3.03 as follows :

“SECTION 3.04. *Purchase of Currency of Withdrawal with Other Currency.* If withdrawal shall be made in any currency which the Association shall have purchased with another currency for the purpose of such withdrawal, the portion of the Credit so withdrawn shall be deemed to have been withdrawn from the Credit Account in such other currency for the purposes of Section 3.03.”

(c) Section 3.04 is renumbered as Section 3.05.

(d) Paragraph 5 of Section 9.01 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 thirty-three million dollars (\$33,000,000).

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 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, the Borrower shall be entitled, subject to the provisions of this Agreement and the Regulations, to withdraw from the Credit Account :

(a) 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 paid for the reasonable cost of locally manufactured goods to be financed under this Agreement, such percentage or percentages to represent the foreign exchange component of such cost; and

(b) such amounts as shall have been paid (other than for local currency expenditures) for the reasonable cost of imported goods to be financed under this Agreement and, if the Association shall so agree, such amounts as shall be required by the Borrower to meet payments to be made for the reasonable cost of such goods;

provided, however, that no withdrawals shall be made on account of : (i) expenditures prior to January 1, 1964; or (ii) expenditures for locally manufactured goods major contents of which have been manufactured or purchased in the territories of any country (other than Switzerland) which is not a member of the International Bank for Reconstruction and Development.

As used in this Section, the term "local currency expenditures" means expenditures in the currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower.

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 and outstanding from time to time.

Section 2.05. Service charges shall be payable semi-annually on January 15 and July 15 in each year.

Section 2.06. The Borrower shall repay the principal amount of the Credit in semi-annual instalments payable on each January 15 and July 15 commencing January 15, 1975 and ending July 15, 2014, each instalment to and including the instalment payable on July 15, 1984, to be one-half of one per cent ($\frac{1}{2}$ of 1 %) of such principal amount, and each instalment thereafter to be one and one-half per cent ($1\frac{1}{2}$ %) of such principal amount.

Article III

USE OF PROCEEDS OF 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. 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 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) 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, the Telecommunications Branch of the Posts and Telegraphs Department of the Borrower, the Indian Telephone Industries Limited, the Hindustan Cables Limited, the Hindustan Teleprinters Limited, any agency or agencies of the Borrower responsible for the carrying out of the Project or the operation of the telecommunications facilities of the Borrower to which the Program referred to in Schedule 1¹ to this Agreement relates, or any part thereof, 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 to which the Program referred to in Schedule 1 to this Agreement relates, or any part thereof.

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

¹ See p. 64 of this volume.