No. 7783

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
INDIA

Development Credit Agreement—*Eighth Railway Project* (with related letter and annexed Development Credit Regulations No. 1). Signed at Washington, on 26 October 1964

Official text: English.

Registered by the International Development Association on 18 May 1965.

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et
INDE

Contrat de crédit de développement — *Huitième Projet relatif au réseau ferroviaire* (avec lettre y relative et, en annexe, le Règlement n° 1 sur les crédits de développement). Signé à Washington, le 26 octobre 1964

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 18 mai 1965.

No. 7783. DEVELOPMENT CREDIT AGREEMENT[1] (*EIGHTH RAILWAY PROJECT*) BETWEEN INDIA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 26 OCTOBER 1964

AGREEMENT, dated October 26, 1964, 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, 1960,[6] and October 13, 1961[7] providing for such projects;

WHEREAS the Association has previously assisted in financing the foreign exchange cost of a seventh project forming part of the Program, included in the Borrower's Third Five-Year Plan, for the rehabilitation, modernization, expansion and increase in the capacity of, and more effective utilization of, the Railways, and has entered into a development credit agreement with the Borrower dated March 22, 1963.[8]

WHEREAS the Borrower has again requested the Association to assist in financing an eighth railway project; and

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

NOW THEREFORE the parties hereto hereby agree as follows :

[1] Came into force on 19 November 1964, 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] United Nations, *Treaty Series*, Vol. 477, p. 3.

Article I

DEVELOPMENT CREDIT REGULATIONS; SPECIAL 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,[1] 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.

" (*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. "

[1] See p. 260 of this volume.

Section 1.02. Wherever used in this Agreement or in the Schedule[1] 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-two million dollars ($62,000,000).

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 :

(*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 July 1, 1964, 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. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($^3/_4$ 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 March 15 and September 15 in each year.

Section 2.06. The Borrower shall repay the principal amount of the Credit in semi-annual payments payable on each March 15 and September 15

[1] See p. 258 of this volume.