No. 8128

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
and
INDIA

Loan Agreement—*Power Transmission Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 11 June 1965

Official text: English.

Registered by the International Bank for Reconstruction and Development on 24 February 1966.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
INDE

Contrat d'emprunt — *Projet relatif au transport de l'énergie électrique* (avec, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 11 juin 1965

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 24 février 1966.

No. 8128. LOAN AGREEMENT[1] (*POWER TRANSMISSION PROJECT*) BETWEEN INDIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 11 JUNE 1965

AGREEMENT, dated June 11, 1965, between INDIA acting by its President (hereinafter called the Borrower), and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961,[2] subject, however, to the modifications thereof set forth in Section 1.02 of this Agreement (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. For the purposes of this Agreement the provisions of the Loan Regulations shall be deemed to be modified as follows:

(*a*) Section 2.02 is deleted.

(*b*) Section 4.01 is deleted.

(*c*) Sections 9.03 and 9.04 are deleted.

(*d*) Paragraph 5 of Section 10.01 is amended to read as follows:

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

Section 1.03. Wherever used in this Agreement or any Schedule thereto:

(*a*) The term " State " shall mean any one of the following 14 States of India: Andhra Pradesh, Assam, Bihar, Gujarat, Kerala, Madhya Pradesh, Madras, Maharashtra, Mysore, Orissa, Punjab, Rajasthan, Uttar Pradesh, West Bengal; and the term " States " shall mean (except where otherwise indicated) all of such 14 States.

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[1] Came into force on 27 July 1965, upon notification by the Bank to the Government of India.
[2] See p. 82 of this volume.

(*b*) The term " Board " shall mean any one of the State Electricity Boards established pursuant to the Electricity (Supply) Act, 1948, of India, in one of the States, and the Delhi Electricity Supply Undertaking, and the term " Boards " shall mean (except where otherwise indicated) all of such 14 Boards and the Delhi Electricity Supply Undertaking.

(*c*) The term " Agency " shall mean any one of the following:

(i) The Tata Power Company, Ltd.
(ii) The Ahmedabad Electricity Company, Ltd.
(iii) The Goa, Daman and Diu Electricity Department
(iv) The Himachal Pradesh Electricity Department

and the term " Agencies " shall mean (except where otherwise indicated) all of such companies and departments.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to seventy million dollars ($70,000,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and, whenever this Loan Agreement comes into force and effect in respect of a part of the Loan in accordance with Sections 7.02, 7.03 or 7.04 of this Agreement, the Bank shall credit to the Loan Account such part of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Loan Regulations.

Section 2.03. Except as the Borrower and the Bank shall otherwise agree, the Borrower shall be entitled, subject to the provisions of this Agreement and the Loan Regulations, to withdraw from the Loan Account

(*a*) such amounts as shall have been paid (other than for local currency expenditures) for the reasonable cost of imported goods to be acquired out of the proceeds of the Loan and, if the Bank shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of such goods; and

(*b*) such amounts as shall be the equivalent of a percentage or percentages to be established from time to time by agreement between the Borrower and the Bank of such amounts as shall have been paid for the reasonable cost of locally manufactured goods to be acquired out of the proceeds of the Loan, such percentage or percentages to represent the foreign exchange component of such cost;

provided, however, that no withdrawals shall be made on account of (i) expenditures prior to October 1, 1964; (ii) expenditures in the territories of any country (except Switzerland) which is not a member of the Bank or for goods produced in (including services supplied from) such territories; or (iii) expenditures for locally manufactured goods the major contents of which have been manufactured or purchased in the territories of any country (except Switzerland) which is not a member of the Bank.

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. (*a*) The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($^3/_8$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

(*b*) Such commitment charge shall accrue

(i) as to the part or parts of the Loan in respect of which this Loan Agreement shall come into force and effect within 60 days after the date of this Agreement, from a date 60 days after the date of this Agreement, and

(ii) as to all other parts of the Loan, from the respective dates on which this Loan Agreement shall come into force and effect in respect of such parts of the Loan,

to the respective dates on which amounts shall be withdrawn by the Borrower from the Loan Account or shall be cancelled.

Section 2.05. The Borrower shall pay interest at the rate of five and one-half per cent ($5^1/_2$%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.06. Except as the Borrower and the Bank shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($^1/_2$ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on May 15 and November 15 in each year.

Section 2.08. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

Section 2.09. Pursuant to the second sentence of Section 3.02 of the Loan Regulations, the Borrower and the Bank agree that any withdrawals (i) pursuant to Section 2.03 (*b*) of this Agreement and (ii) on account of any expenditures in the currency of the Borrower or for goods produced in the territories of the Borrower, shall be made in such currency or currencies as the Bank shall reasonably elect.

Article III

USE OF PROCEEDS OF LOAN

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to the provision of the foreign exchange required to cover the cost of acquiring the goods needed to carry out the Project. The specific goods to be acquired out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

Section 3.02. Except as the Borrower and the Bank shall otherwise agree, the Borrower shall cause all goods acquired wholly or partly out of the proceeds of the Loan to be used in the territories of the Borrower exclusively in the carrying out of the Project.

Article IV

BONDS

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. A Secretary to the Government of India in the Ministry of Finance is designated as the authorized representative of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. (*a*) The Borrower shall carry out the Project, or cause it to be carried out, with due diligence and efficiency and in conformity with sound engineering and financial practices.

(*b*) The Borrower shall at all times make available, or cause to be made available, to the Boards, 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 Bank.