No. 8130

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and INDIA

Loan Agreement—*Second Kothagudem Power Project* (with annexed Loan Regulations No. 3 and Project Agreement between the Bank and the Andhra Pradesh State Electricity Board). Signed at Washington, on 11 June 1965

Official text: English.

Registered by the International Bank for Reconstruction and Development on 25 February 1966.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et INDE

Contrat d'emprunt — *Deuxième Projet relatif à l'énergie électrique — Kothagudem* (avec, en annexe, le Règlement n° 3 sur les emprunts et le Contrat relatif au Projet entre la Banque et le Andhra Pradesh State Electricity Board). Signé à Washington, le 11 juin 1965

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 25 février 1966.

No. 8130. LOAN AGREEMENT[1] (*SECOND KOTHAGUDEM POWER 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).

WHEREAS, by a development credit agreement dated May 24, 1963[2] between the Borrower and the International Development Association (hereinafter called the Association), the Association made a development credit to the Borrower to assist in the financing of a project to expand the power generation and transmission facilities of the Andhra Pradesh State Electricity Board (hereinafter called the Board) by building new facilities near the town of Kothagudem;

WHEREAS the Borrower, the State of Andhra Pradesh (hereinafter called Andhra Pradesh) and the Board have requested the Bank to assist in the financing of a project to further expand the power generation facilities of the Board by building additional facilities near the town of Kothagudem; and

WHEREAS the Bank is willing to make a loan available on the terms and conditions provided herein and in a project agreement of even date herewith[3] between the Bank and the Board;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

LOAN REGULATIONS

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,[3] subject, however, to the modifications thereof set forth in Section 1.02 of this Agreement

[1] Came into force on 3 August 1965, upon notification by the Bank to the Government of India.
[2] United Nations, *Treaty Series*, Vol. 483, p. 205.
[3] See p. 118 of this volume.

(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 6.17 is amended by inserting the words "or the Project Agreement " after the words " the Loan Agreement."

(*b*) Section 7.02 is amended by inserting the words " or the Project Agreement " after the words " the Loan Agreement."

(*c*) 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. Unless the context shall otherwise require, the following term wherever used in this Agreement, any schedule thereto or in the Loan Regulations shall have the following meaning :

" Project Agreement " means the Project Agreement (*Second Kothagudem Power Project*) of even date herewith between the Bank and the Board and shall include any amendments thereto made by agreement between the Bank and the Board.

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 fourteen million dollars ($14,000,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount 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. 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.

Section 2.04. 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 2.05. 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 2.06. Interest and other charges shall be payable semiannually on June 1 and December 1 in each year.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

Article III

Use of Proceeds of Loan

Section 3.01. The Borrower shall cause the proceeds of the Loan 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 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 financed out of the proceeds of the Loan to be used in the territories of the Borrower exclusively in the carrying out and operation of the Project.

Section 3.03. Pursuant to Section 4.01 of the Loan Regulations, withdrawals from the Loan Account may be made on account of expenditures made before the Effective Date but subsequent to January 1, 1965.

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 cause the Project to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices.

(*b*) The Borrower shall take or cause to be taken all action which shall be necessary on its part to enable the Board to perform all the covenants and agreements on the part of the Board to be performed as set forth in the Project Agreement and shall not take, or permit any agency of the Borrower to take, any action that would prevent or interfere with the performance by the Board of such covenants and agreements.

(*c*) The Borrower shall at all times make available, or cause to be made available, to the Board, 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.

(*d*) The Borrower shall : (i) promptly upon receipt of appropriate applications issue, or cause to be issued, such import licenses as shall be required to carry out the Project; (ii) make available, or cause to be made available, promptly as needed, all foreign exchange which shall be required to carry out the Project; and (iii) with respect to locally produced materials which are subject to allocation, make, or cause to be made, allocations of such materials promptly and in such quantities as shall be required to carry out the Project.

Section 5.02. (*a*) The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(*b*) The Borrower and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(*c*) The Borrower shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Borrower for purposes related to the Loan.

Section 5.03. It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan by way of