
LOAN NUMBER 167 IN
LOAN NUMBER 168 IN
LOAN NUMBER 169 IN
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Loan Agreement

(Second Railway Project)

BETWEEN

INDIA

AND

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

DATED JULY 12, 1957

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INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

DATED JULY 12, 1957

Loan Agreement

AGREEMENT, dated July 12, 1957, 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 June 15, 1956, subject, however, to the modifications thereof set forth in Schedule 3 to 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; and the Loan Regulations shall be applicable to each of the Loans herein provided for.

SECTION 1.02. Except where the context otherwise requires, the following terms have the following meanings wherever used in this Agreement or in the Schedules hereto or in the Loan Regulations:

(1) The term "loans" means all of the several loans provided for in this Loan Agreement and the term "Loan" means each or any one of the loans as the context may require.

(2) The term "bonds" means Bonds representing the principal amount of the loans executed and delivered by the Borrower pursuant to this Agreement.

(3) The term "yen" and the sign "¥" mean yen in the currency of Japan.

(4) The term "pounds sterling" and the sign "£" mean pounds in the currency of the United Kingdom of Great Britain and Northern Ireland.

(5) The term "lire" and the sign "lit." mean lire in the currency of the Republic of Italy.

(6) The term "Program" means the program, which is included in the Borrower's Second Five-Year Plan, for the rehabilitation, modernization and expansion of the Railways owned and operated by the Borrower.

ARTICLE II

The Loans

SECTION 2.01. The Bank agrees to make loans to the Borrower, on the terms and conditions in this Agreement set forth or referred to, as follows:

1. Eight thousand six hundred and forty million yen (¥8,640,000,000) or the equivalent thereof in currencies other than yen.
2. Six million eight hundred and twenty-five thousand pounds sterling (£6,825,000) or the equivalent thereof in currencies other than pounds sterling.
3. Seven thousand million lire (lit. 7,000,000,000) or the equivalent thereof in currencies other than lire.
4. Thirty-five million seven hundred thousand dollars (\$35,700,000) or the equivalent thereof in currencies other than dollars.

SECTION 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower in respect of each Loan and shall credit to each such Account the amount of such Loan. The amount of each Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.

SECTION 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of each Loan not so withdrawn from time to time. Such commitment

charge shall accrue from a date sixty days after the date of this Agreement to the respective dates on which amounts shall be withdrawn by the Borrower from the relative Loan Account as provided in Article IV of the Loan Regulations or shall be cancelled pursuant to Article V of the Loan Regulations.

SECTION 2.04. The Borrower shall pay interest at the rate of five and five-eighths per cent ($5\frac{5}{8}\%$) per annum on the principal amount of each 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 ($\frac{1}{2}$ 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 semi-annually on January 1 and July 1 in each year.

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

ARTICLE III

Use of Proceeds of the Loans

SECTION 3.01. The Borrower shall cause the proceeds of the loans to be applied exclusively to financing the cost of goods required to carry out the Project described in Schedule 2 to this Agreement. The specific goods to be financed out of the proceeds of the loans 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. The Borrower shall cause all goods financed out of the proceeds of the loans 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 each 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, 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 cause to be furnished to the Bank, promptly upon their preparation, the plans and specifications for the Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

(c) The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of each Loan, to disclose the use thereof in the Project, and 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 of the agency or agencies

of the Borrower responsible for the execution or operation of the Project or any part thereof; shall enable the Bank's representatives to inspect the Project, the works included in the Program, the goods and any relevant records and documents; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of each Loan, the Project, the Program and the goods, and the operations and financial condition of the agency or agencies of the Borrower responsible for the execution or operation of the Project or any part thereof and the Program.

SECTION 5.02. (a) The Borrower and the Bank shall cooperate fully to assure that the purposes of the loans 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 loans. 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 loans 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 loans 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 loans.

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 loans by way of a lien on governmental

assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower or of any of its political subdivisions or of any agency of the Borrower or of any such political subdivision as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the loans and the bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (a) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (b) any pledge of commercial goods to secure debt maturing not more than one year after its date and to be paid out of the proceeds of sale of such commercial goods; or (c) any pledge by the Reserve Bank of India of any of its assets in the ordinary course of its banking business to secure any indebtedness maturing not more than one year after its date.

SECTION 5.04. The principal of, and interest and other charges on, the loans and the bonds shall be paid without deduction for, and free from, any taxes (including duties, fees or impositions) imposed under the laws of the Borrower or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of, or duties or fees or impositions levied upon, payments under any bond to a holder thereof other than the Bank when such bond is beneficially owned by an individual or corporate resident of the Borrower.

SECTION 5.05. The Loan Agreement and the bonds shall be free from any taxes (including duties, fees or impositions) that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof and the Borrower shall pay all such taxes, (including duties, fees or impositions) if any, imposed under the laws of the coun-

try or countries in whose currency the loans and the bonds are payable or laws in effect in the territories of such country or countries.

SECTION 5.06. The principal of, and interest and other charges on, the loans and the bonds shall be paid free from all restrictions imposed under the laws of the Borrower or laws in effect in its territories.

ARTICLE VI

Remedies of the Bank

SECTION 6.01. (i) If any event specified in paragraph (a) or paragraph (b) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the loans and of all the bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the bonds to the contrary notwithstanding.

ARTICLE VII

Miscellaneous

SECTION 7.01. The Closing Date shall be December 31, 1958.

SECTION 7.02. A date 60 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

SECTION 7.03. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations:

For the Borrower:

The Secretary to the Government
of India
Ministry of Finance
New Delhi
India

Alternative address for cablegrams and radiograms:

Finance Ministry
New Delhi

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington 25, D. C.
United States of America

Alternative address for cablegrams and radiograms:

Intbafrad
Washington, D. C.

SECTION 7.04. A Secretary to the Government of India in the Ministry of Finance is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and delivered in the District of Columbia, United

States of America, as of the day and year first above written.

INDIA

By G. L. MEHTA
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By EUGENE R. BLACK
President

SCHEDULE 1—AMORTIZATION SCHEDULES

Amortization Schedule applicable to the Loan
denominated in yen

Date Payment Due	Payment of Principal (expressed in yen)*
July 1, 1961	¥ 272,160,000
January 1, 1962	279,720,000
July 1, 1962	287,640,000
January 1, 1963	295,920,000
July 1, 1963	304,200,000
January 1, 1964	312,840,000
July 1, 1964	321,480,000
January 1, 1965	330,480,000
July 1, 1965	339,840,000
January 1, 1966	349,560,000
July 1, 1966	359,280,000
January 1, 1967	369,360,000
July 1, 1967	379,800,000
January 1, 1968	390,600,000
July 1, 1968	401,400,000
January 1, 1969	412,920,000
July 1, 1969	424,080,000
January 1, 1970	436,320,000
July 1, 1970	448,560,000
January 1, 1971	461,160,000
July 1, 1971	474,120,000
January 1, 1972	487,440,000
July 1, 1972	501,120,000

* To the extent that any part of said Loan is repayable in a currency other than yen (see Loan Regulations, Section 3.02), the figures in this column represent yen equivalents determined as for purposes of withdrawal.

**Amortization Schedule applicable to the Loan
denominated in pounds sterling**

Date Payment Due	Payment of Principal (expressed in pounds sterling)*
July 1, 1961	£216,000
January 1, 1962	221,000
July 1, 1962	227,000
January 1, 1963	234,000
July 1, 1963	240,000
January 1, 1964	247,000
July 1, 1964	254,000
January 1, 1965	261,000
July 1, 1965	269,000
January 1, 1966	276,000
July 1, 1966	284,000
January 1, 1967	292,000
July 1, 1967	300,000
January 1, 1968	308,000
July 1, 1968	317,000
January 1, 1969	326,000
July 1, 1969	335,000
January 1, 1970	345,000
July 1, 1970	354,000
January 1, 1971	364,000
July 1, 1971	374,000
January 1, 1972	385,000
July 1, 1972	396,000

* To the extent that any part of said Loan is repayable in a currency other than pounds sterling (see Loan Regulations, Section 3.02), the figures in this column represent pounds sterling equivalents determined as for purposes of withdrawal.

**Amortization Schedule applicable to the Loan
denominated in lire**

Date Payment Due	Payment of Principal (expressed in lire)*
July 1, 1961	lit. 220,625,000
January 1, 1962	226,875,000
July 1, 1962	233,125,000
January 1, 1963	239,375,000
July 1, 1963	246,250,000
January 1, 1964	253,125,000
July 1, 1964	260,625,000
January 1, 1965	268,125,000
July 1, 1965	275,625,000
January 1, 1966	283,125,000
July 1, 1966	291,250,000
January 1, 1967	299,375,000
July 1, 1967	307,500,000
January 1, 1968	316,250,000
July 1, 1968	325,000,000
January 1, 1969	334,375,000
July 1, 1969	343,750,000
January 1, 1970	353,125,000
July 1, 1970	363,125,000
January 1, 1971	373,750,000
July 1, 1971	384,375,000
January 1, 1972	395,000,000
July 1, 1972	406,250,000

* To the extent that any part of said Loan is repayable in a currency other than lire (see Loan Regulations, Section 3.02), the figures in this column represent lire equivalents determined as for purposes of withdrawal.

**Amortization Schedule applicable to the Loan
denominated in dollars**

Date Payment Due	Payment of Principal (expressed in dollars)*
July 1, 1961	\$1,125,000
January 1, 1962	1,157,000
July 1, 1962	1,189,000
January 1, 1963	1,222,000
July 1, 1963	1,257,000
January 1, 1964	1,292,000
July 1, 1964	1,329,000
January 1, 1965	1,366,000
July 1, 1965	1,404,000
January 1, 1966	1,444,000
July 1, 1966	1,484,000
January 1, 1967	1,526,000
July 1, 1967	1,569,000
January 1, 1968	1,613,000
July 1, 1968	1,659,000
January 1, 1969	1,705,000
July 1, 1969	1,753,000
January 1, 1970	1,803,000
July 1, 1970	1,854,000
January 1, 1971	1,905,000
July 1, 1971	1,959,000
January 1, 1972	2,014,000
July 1, 1972	2,071,000

* To the extent that any part of said Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

Premiums on Prepayment and Redemption

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of any Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations:

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than 3 years before maturity	$\frac{1}{2}$ of 1%
More than 3 years but not more than 6 years before maturity	2%
More than 6 years but not more than 11 years before maturity	$3\frac{1}{2}$ %
More than 11 years but not more than 13 years before maturity	$4\frac{1}{2}$ %
More than 13 years before maturity ..	$5\frac{5}{8}$ %

SCHEDULE 2**Description of Project**

The Project is part of the Program and consists of the acquisition by the Borrower, and use in furtherance of the objectives of the Program, of locomotives, rolling stock, spare parts and other railway materials and equipment.

SCHEDULE 3**Modifications of Loan Regulations No. 3**

For the purposes of this Agreement the provisions of Loan Regulations No. 3 of the Bank, dated June 15, 1956, shall be deemed to be modified as follows:

- (a) By the deletion of Section 2.02.
- (b) By the insertion, in Sections 2.05 (a), 3.02, 5.05 and 6.06, after the words "amortization schedule", where those words occur, of the words "applicable to the Loan as set forth in Schedule 1".
- (c) By the deletion, in the third line of subparagraph (b) of Section 2.05, of the words "amortization schedule" and the substitution therefor of the words "Schedule 1 to the Loan Agreement".
- (d) By the deletion, in the third line from the end of Section 3.01, of the words "for the purposes of this Article,".
- (e) By the deletion, in subparagraphs (a) and (c) of Section 5.02, of the words "the Bonds" and the substitution therefor, in each such subparagraph, of the words "bonds representing the principal amount of any of the Loans".
- (f) By the deletion, in the last line of subparagraph (a) of Section 6.16, of the words "the amortization schedule" and the substitution therefor of the word and figure "Schedule 1".
- (g) By the deletion, in Sections 7.01, 7.03, 8.02 and 9.02, of the word "Bonds", where that word occurs, and the substitution therefor of the word "bonds".
- (h) By the deletion of Section 9.05 and the substitution therefor of the following new Section:

"SECTION 9.05. *Termination of Loan Agreement on Full Payment.* If and when the entire principal amount

of the loans and of the bonds and the premium, if any, on the prepayment of the loans and on the redemption of all bonds called for redemption (as the case may be) and all interest and other charges which shall have accrued on the loans and the bonds shall have been paid, the Loan Agreement and all obligations of the parties thereunder shall forthwith terminate.”

(i) By the deletion of paragraph 4 of Section 10.01 and the substitution therefor of the following new paragraph, namely:

“4. The term ‘the Loan’ means the particular loan to which these Regulations are applicable as provided in the Loan Agreement.”

(j) By the insertion, in the first line of paragraph 9 of Section 10.01, after the word “bonds” of the words “representing the principal amount of the Loan”.

(k) By the insertion, at the end of the first sentence of the second paragraph of each of the forms of Bond set forth in Schedule 1 and Schedule 2, of the words “which Loan Agreement provides also for the issue of bonds in the aggregate principal amount of and (or the equivalents thereof payable in other currencies).”