

**CONFORMED COPY**

**CREDIT NUMBER 2774 IN**

# **Second Agreement Amending Development Credit Agreement**

**(Hydrology Project)**

**between**

**INDIA**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated September 20, 2001**

**CREDIT NUMBER 2774 IN  
(Amendment)**

## **SECOND AGREEMENT AMENDING DEVELOPMENT CREDIT AGREEMENT**

AGREEMENT dated September 20, 2001, between INDIA, acting by its President (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association);

WHEREAS (A) by the Development Credit Agreement dated September 22, 1995, as amended to date (the Development Credit Agreement) between the Borrower and the Association, the Association agreed to make available to the Borrower an amount in various currencies equivalent to ninety million one hundred thousand Special Drawing Rights (SDR 90,100,000) (the Credit) to assist in financing the Project described in Schedule 2 to the Development Credit Agreement;

(B) by the Project Agreement (the Project Agreement) dated September 22, 1995 between the Association and the States of Andhra Pradesh, Gujarat, Kerala, Madhya Pradesh, Maharashtra, Orissa and Tamil Nadu (the Project States), the Project States agreed to undertake certain obligations with respect to the carrying out of the Project;

(C) the Borrower has advised the Association through Gazette Notice No. 36 dated August 25, 2000, of the enactment of the Madhya Pradesh Reorganization Act, creating the new State of Chhattisgarh (Chhattisgarh), formerly a part of Madhya Pradesh; and

(D) the Borrower has requested the Association to amend the Development Credit Agreement to take into account the creation of Chhattisgarh, and its obligation to carry out part of the Project.

NOW THEREFORE the parties hereto hereby agree to amend the Development Credit Agreement as follows:

#### **PREAMBLE**

(i) Paragraph B of the Preamble is amended to read:

“Part A of the Project will be carried out by the States of Andhra Pradesh, Gujarat, Kerala, Madhya Pradesh, Maharashtra, Orissa and Tamil Nadu (hereinafter the Project States), Karnataka and Chhattisgarh; and ”

(ii) The final paragraph of the Preamble is amended to read as follows:

“WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement, in the Project Agreement of even date herewith between the Association and the Project States, the Karnataka Agreement dated July 22, 1996 between the Association and Karnataka, and the Chhattisgarh Agreement between the Association and Chhattisgarh.”

#### **ARTICLE I**

##### **General Conditions; Definitions**

(i) The following paragraph of Section 1.02 is amended to read as follows:

“(1) “Fiscal year” means the financial year of the Borrower, Project States, Karnataka and Chhattisgarh, commencing April 1, and ending March 31 of each year;”

(ii) The term ‘and’ is deleted from Section 1.02 (m), and the following definitions added at the end of Section 1.02:

(o) “Agreement Amending the Development Credit Agreement” means the Agreement dated September 20, 2001, between the Borrower and the Association for purposes of including Chhattisgarh as one of the States participating under the Project;”

(p) “Chhattisgarh” means the State of Chhattisgarh, a State of the Borrower, and any successor thereto; and

(q) “Chhattisgarh Agreement” means the Agreement between the Association and Chhattisgarh dated September 20, 2001, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Chhattisgarh Agreement.”

### **ARTICLE III**

#### **Execution of the Project**

(i) Section 3.01 (c) is deleted and replaced with the following:

“Without limitation or restriction upon any of its obligations under this Agreement, the Borrower shall: (i) cause the Project States, Karnataka and Chhattisgarh to perform in accordance with the provisions of the Project Agreement, the Karnataka Agreement and the Chhattisgarh Agreement their respective obligations set forth therein; (ii) take and cause to be taken all action, including the provision of funds, facilities, services and other resources necessary or appropriate to enable the Project States, Karnataka and Chhattisgarh to perform their respective obligations; and (iii) not take or permit to be taken any action which would interfere with such performance.”

(ii) The term ‘Chhattisgarh’ is added after the term ‘Karnataka’ in Section 3.01 (d).

(iii) The term ‘and’ is deleted before ‘by Karnataka’, and the following is added at the end of Section 3.03:

“and by Chhattisgarh pursuant to Section 2.03 of the Chhattisgarh Agreement.”

### **ARTICLE V**

#### **Remedies of the Association**

(i) The following provisions are added to Article V:

“(f) Chhattisgarh shall have failed to perform any of its obligations under the Chhattisgarh Agreement.

- (g) As a result of events which have occurred after the date of the Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that Chhattisgarh will be able to perform its obligations under the Chhattisgarh Agreement.”

## **ARTICLE VI**

### **Effective Date; Termination**

- (i) The following provisions are added to Article VI:

“Section 6.06. The Second Agreement Amending the Development Credit Agreement shall not become effective until a legal opinion satisfactory to the Association showing that the Chhattisgarh Agreement has been duly authorized or ratified by, and executed and delivered on behalf of Chhattisgarh, and is legally binding upon Chhattisgarh in accordance with its terms, is received by the Association.

Section 6.07. If the Second Agreement Amending the Development Credit Agreement shall not have entered into effect within ninety (90) days of the date thereof, all obligations of the parties hereunder shall terminate, unless the Association after due consideration establishes a later date for purposes of this Section, and informs the Borrower of such later date.”

## **SCHEDULE 1**

- (i) A new paragraph 6 is added to Schedule 1 to read as follows:

“No withdrawals shall be made by Chhattisgarh for expenditures incurred prior to November 1, 2000.”

## **SCHEDULE 2**

- (i) The term 'and' is deleted before Karnataka and the terms 'and Chhattisgarh' added after Karnataka'.

## **SCHEDULE 3**

- (i) The term 'and' is deleted before Karnataka, and the terms 'and Chhattisgarh' added after Karnataka.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Second Agreement Amending the Development Credit Agreement to be signed in their respective names in New Delhi, India, as of the day and year first above written.

INDIA

By /s/ Adarsh Kishore

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edwin R. Lim

Country Director, India

