
LOAN NUMBER 9574-IN

Loan Agreement

(First Low-Carbon Energy Programmatic Development Policy Loan)

between

INDIA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between INDIA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Bank has decided to provide this financing on the basis, inter alia, of: (i) the actions which the Borrower has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; and (ii) the Borrower’s maintenance of an adequate macroeconomic policy framework.

WHEREAS, the Borrower has requested the International Development Association (“Association”) to contribute to the financing of the Program, with a non-concessional credit in the amount of fifty six million five hundred and seventy thousand Dollars (\$56,570,000).

The Borrower and the Bank therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of one billion four hundred forty-three million four hundred and thirty thousand Dollars (\$1,443,430,000) (“Loan”).
- 2.02. This Loan is guaranteed by and is subject to the UK Guarantee denominated in the Loan Currency. Accordingly, Currency Conversion shall not be permitted in respect of this Loan, and the provisions of the General Conditions relating to Currency Conversion, including the provisions of Article IV of the General Conditions, shall not apply to this Loan.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Payment Dates are May 15 and November 15 in each year.

- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 2 to this Agreement.
- 2.08. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
- (a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the Borrower's macroeconomic policy framework and the progress achieved in carrying out the Program;
 - (b) prior to each such exchange of views, the Borrower shall furnish to the Bank for its review and comment, a report on the progress achieved in carrying out the Program, in such detail as the Bank shall reasonably request; and
 - (c) without limitation upon paragraph (a) and (b) of this Section, the Borrower shall promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following, namely that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) the Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Borrower's macroeconomic policy framework.
 - (b) The Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Borrower to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower's Representative is any of the following officials acting severally: The Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary, or Under Secretary of the Department of Economic Affairs of the Borrower's Ministry of Finance.

6.02. For purposes of Section 10.01 of the General Conditions: (a) the Borrower's address is:

Secretary
Department of Economic Affairs
Ministry of Finance
Government of India
North Block
New Delhi 110 001, India; and

(b) the Borrower's Electronic Address is:

Facsimile:	E-mail:
+91-11-23094075	secy-dea@nic.in

6.03. For purposes of Section 10.01 of the General Conditions: (a) the Bank's address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Bank's Electronic Address is:

Telex:	Facsimile:	E-mail:
248423(MCI) or 64145(MCI)	1-202-477-6391	wbindia@worldbank.org

AGREED as of the Signature Date.

INDIA

By



Authorized Representative

Name: K. Manicka Raj

Title: Joint Secretary, FB&ADB

Date: 10-Nov-2023

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

Name: Auguste Tano Kouame

Title: Country Director

Date: 09-Nov-2023

SCHEDULE 1

Program Actions; Availability of Loan Proceeds

Section I. Actions under the Program

The actions taken by the Borrower under the Program include the following:

Pillar I: Promoting Green Hydrogen

1. The Borrower, through its Union Cabinet, has approved the National Green Hydrogen Mission (“NGHM”), which will facilitate demand and includes incentives for electrolyzer manufacturing, and green hydrogen (“GH”) production.
2. The Borrower, through the Ministry of New and Renewable Energy (“MNRE”), has issued recommendations to the relevant ministries on the adoption of relevant regulations, standards, codes, best practices, and procedures related to safety aspects of: (a) GH production; (b) GH safe storage and handling; and (c) GH utilization in the mobility sector.
3. The Borrower, through the Ministry of Power (“MoP”), has notified extension of the waiver of the inter-state transmission system (“ISTS”) charges towards consumption of renewable energy (“RE”) for GH and its derivatives production for projects to be commissioned until December 31, 2030.

Pillar 2: Scaling up Renewable Energy

4. The Borrower, through the MoP, has issued a government order on: (a) Renewable Purchase Obligations (“RPOs”); and (b) Energy Storage Obligations (“ESOs”) that mandate the purchase of a minimum specified share of power consumption from RE and energy storage, respectively, for all electricity distribution utilities.
5. The Borrower: (a) through the Central Electricity Regulatory Commission (“CERC”), has issued and notified the CERC (Ancillary Services) Regulations 2022, that provide a market-based mechanism to remunerate provision of energy storage services, and (b) through the MoP, has issued the guidelines on Pumped Storage Hydropower (“PSH”).
6. The Borrower, through the MNRE, has issued an implementation regulation to guide the bidding of 50 GW of RE capacity, including solar PV, wind, and firm power from RE and energy storage, each year from FY2023-24 to FY2027-28.
7. The Borrower, (a) through the MNRE, has adopted a strategy for competitive bidding for allocation of offshore wind sites and (b) through the MoP, has extended the waiver of the ISTS charges toward offshore wind until December 31, 2032.
8. The Borrower, through the MNRE, has issued an updated policy to provide production-linked incentives to high efficiency solar PV to remove the supply chain bottlenecks and reduce the costs of solar PV.

Pillar 3: Enhancing climate finance for low-carbon energy investments

9. The Borrower: (a) through the Parliament, has approved amendments to the Energy Conservation Act, 2001, that provide the legal framework for the launch of a national carbon market; and (b) through the Ministry of Environment, Forest, and Climate Change (“MoEFCC”), has approved GHG mitigation activities, including green hydrogen, green ammonia, RE with storage, and offshore wind, to be eligible for international carbon market to mobilize international financing under the Paris Agreement.
10. The Borrower, through the Securities and Exchange Board of India (“SEBI”), has issued amendments to the existing regulatory framework for Green Debt Securities (“GDS”) issuance, to specify the taxonomy and definition of GDS to include the emerging areas of sustainable financing and improve the information disclosure standards.
11. The Borrower, through the Ministry of Finance, has issued a transparent Sovereign Green Bond Framework for evaluating, selecting, and financing green public spending, including on green hydrogen, solar and wind energy, pursuant to which a separate reserve/corpus fund titled ‘Sovereign Green Fund’ has been created.

Section II. Availability of Loan Proceeds

- A. **General.** The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.
- B. **Allocation of Loan Amounts.** The Loan is allocated in: (a) a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds; and (b) the amounts requested by the Borrower to pay: (A) the Front-end Fee; and (B) each Interest Rate Cap or Interest Rate Collar premium. The allocation of the amounts of the Loan to this end is set out in the table below:

Allocations	Amount of the Loan Allocated (expressed in Dollars)
(1) Single Withdrawal Tranche	1,439,821,425
(2) Front-end Fee	3,608,575
(3) Amount due pursuant to Section 4.05 (c) of the General Conditions	0
TOTAL AMOUNT	1,443,430,000

C. Withdrawal Tranche Release Conditions.

1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Bank is satisfied: (a) with the Program being carried out by the Borrower; and (b) with the adequacy of the Borrower's macroeconomic policy framework.

D. UK Guarantee

1. The Borrower acknowledges and confirms that the Loan is partially guaranteed by the UK Guarantee, pursuant to which the UK Guarantor will guarantee certain obligations of the Borrower under this Agreement, subject to the terms and conditions set forth therein.
2. The Borrower understands and agrees that, in the event of any payment to the Bank by the UK Guarantor under the UK Guarantee Agreement as a result of any non-payment by the Borrower under this Loan Agreement, the UK Guarantor may have certain rights of subrogation and the Bank may assign to the UK Guarantor any right to receive repayment from the Borrower under this Agreement, all subject to the terms and conditions of the UK Guarantee Agreement.

E. Deposit of Loan Amounts.

1. The Borrower, within thirty (30) days after the withdrawal of the Loan from the Loan Account, shall report to the Bank: (a) the exact sum received into the account referred to in Section 2.03 (a) of the General Conditions; (b) the details of the account to which the Indian Rupees equivalent of the Loan proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Borrower's budget management systems; and (d) the statement of receipts and disbursement of the account referred to in Section 2.03 (a) of the General Conditions.

F. Closing Date. The Closing Date is December 31, 2023.

SCHEDULE 2

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”).

Level Principal Repayments

Principal Payment Date	Installment Share
On each May 15 and November 15	
Beginning November 15, 2024 through May 15, 2045	2.33%
On November 15, 2045	2.14%

APPENDIX

Section I. Definitions

1. “Bureau of Indian Standards” means the Borrower’s national standard body established under the Bureau of Indian Standards Act, 2016 for the development of the activities of standardization, marking and quality certification of goods and for matters connected therewith.
2. “Cabinet” means the Borrower’s council of ministers, as set forth in the Borrower’s constitution, or any successor thereto.
3. “Central Electricity Regulatory Commission” or “CERC” means the regulatory body set up under Section 76 of the Borrower’s Electricity Act, 2003, with the mandate among other things to regulate tariffs of power generating companies and promote the development of the power market.
4. “CERC (Ancillary Services) Regulations, 2022” means the CERC Ancillary Services Regulations, 2022, issued by CERC to govern services necessary to maintain grid operations.
5. “Energy Conservation Act, 2001” means the Borrower’s Energy Conservation Act, 2001, as amended, enacted to provide for the efficient use of energy and its conservation and related matters thereto.
6. “Energy Storage Obligations” or “ESOs” means a mandatory requirement to procure at least 85% of the total energy stored in energy storage systems from renewable energy sources.
7. “Environmental and Social & Governance” or “ESG” means a framework designed to be embedded into an organization's strategy that considers the needs and ways in which to generate value for all organizational stakeholders.
8. “Financing Agreement” means the agreement between the Borrower and the Association in support of the Program, of the same date as this Agreement, as such agreement may be amended from time to time. “Financing Agreement” includes all appendices, schedules and agreements supplemental to the Financing Agreement.
9. “Fiscal Year” or “FY” means the Borrower’s fiscal year, which begins on April 1 of each calendar year and ends of March 31 of the next calendar year.
10. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Development Policy Financing”, dated December 14, 2018 (revised on August 1, 2020, December 21, 2020, April 1, 2021, and January 1, 2022).

11. “Green Debt Securities” or “GDS” means debt securities where the proceeds raised are to be used for projects and/or assets under certain categories that address sustainable development or energy efficiency.
12. “GW” means gigawatt.
13. “Indian Rupees” means the lawful currency of the Borrower.
14. “ISTS” means inter-state transmission system.
15. “Ministry of Environment, Forestry, and Climate Change” or “MoEFCC” means the Borrower’s Ministry of Environment, Forestry and Climate Change, or any successor thereto.
16. “Ministry of Finance” means the Borrower’s Ministry of Finance, or any successor thereto.
17. “Ministry of New and Renewable Energy” or “MNRE” means the Borrower’s Ministry of New and Renewable Energy, or any successor thereto.
18. “Ministry of Power” or “MoP” means the Borrower’s Ministry of Power, or any successor thereto.
19. “NGHM” means the National Green Hydrogen Mission, an action plan launched by the Borrower in January 2023 to establish a conducive green hydrogen ecosystem and catalyze large-scale green hydrogen investments, to eventually position India as a global hub for production, usage, and export of green hydrogen and its derivatives.
20. “RE” means renewable energy.
21. “Paris Agreement” means Paris Agreement to the United Nations Framework Convention on Climate Change, dated December 12, 2015, Treaties and Other International Acts Series No. 16-1104.
22. “PV” means photovoltaic.
23. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated May 31, 2023 from the Borrower to the Bank declaring the Borrower’s commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.
24. “Pumped Storage Hydropower” or (“PSH”) means a type of hydroelectric energy storage, with a configuration of two water reservoirs at different elevations that can generate power as water moves down from one to the other, passing through a turbine.
25. “Renewable Purchase Obligations” or “RPOs” means a mechanism by which obligated entities are obliged to purchase a certain percentage of electricity from renewable energy sources, as a percentage of the total consumption of electricity.

26. “Securities Exchange Board of India” or “SEBI” means the Securities Exchange Board of India, established and governed under the Securities and Exchange Board of India Act, 1992 (15 of 1992), to, among other things, protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
27. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
28. “Single Withdrawal Tranche” means the amount of the Loan allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
29. “Sovereign Green Bond Framework” means the framework issued by the Borrower on November 2022, that sets out the obligations of the Borrower as the issuer of green bonds.
30. “Sovereign Green Fund” means the account opened by the Borrower to receive the proceeds of the sovereign green bonds pursuant to the Sovereign Green Bond Framework.
31. “States of Gujarat and Tamil Nadu” means the Borrower’s States of Gujarat and Tamil Nadu.
32. “UK Guarantee” means a guarantee extended by the UK Guarantor under the UK Guarantee Agreement for a principal amount of US\$ 1,000,000,000 together with interest payable in respect of such amount under the Loan.
33. “UK Guarantee Agreement” means the guarantee agreement executed between the Bank and the UK Guarantor providing for the UK Guarantee, as such guarantee agreement may be amended from time to time, and such term includes all appendices, schedules and agreements supplemental to the UK Guarantee Agreement.
34. “UK Guarantor” means the Government of United Kingdom of Great Britain and Northern Ireland, acting through the Secretary of State for Foreign, Commonwealth and Development Affairs.