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# HUDCO Agreement

(Madhya Pradesh Urban Development Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

and

HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED

Dated

*July 19*

, 1983

**HUDCO AGREEMENT**

AGREEMENT, dated *July 19*, 1983, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED, a company registered under the Companies Act, 1956 of the Borrower (hereinafter called HUDCO).

WHEREAS by the Loan Agreement of even date herewith between India, acting by its President (hereinafter called the Borrower) and the Bank, the Bank has agreed to make available to the Borrower an amount in various currencies equivalent to twenty-four million one hundred thousand dollars (\$24,100,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that HUDCO agree to undertake such obligations toward the Bank as are hereinafter set forth;

WHEREAS by a subsidiary loan agreement to be entered into between the Borrower and HUDCO, part of the proceeds of the Loan provided for under the Loan Agreement will be made available to HUDCO on the terms and conditions therein set forth; and

WHEREAS by an MPH B loan agreement to be entered into between HUDCO and Madhya Pradesh Housing Board, part of the proceeds of the Loan made available by the Borrower to HUDCO will be relented by HUDCO to Madhya Pradesh Housing Board on the terms and conditions therein set forth;

WHEREAS by the Project Agreement of even date herewith between the Bank and the State of Madhya Pradesh, the State of Madhya Pradesh has agreed to undertake certain obligations in respect of the carrying out of the Project described in Schedule 2 to the Loan Agreement; and

WHEREAS HUDCO, in consideration of the Bank's entering into the Loan Agreement with the Borrower and the Project Agreement with Madhya Pradesh, has agreed to undertake the obligations hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

## ARTICLE I

### Definitions

Section 1.01. Wherever used in this Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement and in the General Conditions (as so defined) have the respective meanings therein set forth.

## ARTICLE II

### Execution of the Project

Section 2.01. (a) HUDCO shall carry out Part C of the Project described in Schedule 2 to the Loan Agreement with due diligence and efficiency and in conformity with appropriate administrative and financial practices.

(b) For the purpose of carrying out Part A of the Project, HUDCO shall relend to the Board funds equivalent to Rs. 190,700,000 out of the proceeds of the Loan made available by the Borrower to HUDCO, under an MPH B loan agreement to be entered into between HUDCO and the Board under terms and conditions which shall have been approved by the Bank and which shall, except as the Bank may otherwise agree, include, inter alia, that the Board shall: (i) pay to HUDCO interest at an effective rate of not less than 10% per annum on the principal amount so relent and withdrawn by the Board and outstanding from time to time; and (ii) repay to HUDCO the principal amount in 20 years, including therein a period of grace of 4 years.

Section 2.02. In order to assist HUDCO in the carrying out of Part C of the Project, HUDCO shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank, such consultants to be selected in accordance with principles and procedures satisfactory to the Bank on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

Section 2.03. Except as the Bank shall otherwise agree, procurement of the goods and civil works required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 1 to the Project Agreement.

Section 2.04. (a) HUDCO undertakes to insure, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Loan relented to it by the Borrower against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable by HUDCO to replace or repair such goods.

(b) Except as the Bank shall otherwise agree, HUDCO shall cause all goods and services financed out of the proceeds of the Loan relented to it by the Borrower to be used exclusively for the purposes of the Project.

Section 2.05. (a) HUDCO shall: (i) maintain records and procedures adequate to record and monitor the progress of Part C of the Project (including its cost and impact), to identify the goods and services financed out of the proceeds of the Loan, and to disclose their use in the Project; (ii) enable the Bank's representatives to examine the goods financed out of the proceeds of the Loan and any relevant records and documents; and (iii) furnish to the Bank at regular intervals all such information as the Bank shall reasonably request concerning Part C of the Project, its cost and impact, the expenditures of such proceeds and the goods and services financed out of such proceeds.

(b) Upon the award by HUDCO of any contract for goods, works or services to be financed out of the proceeds of the Loan, the Bank may publish a description thereof, the name and nationality of the party to whom the contract was awarded and the contract price.

(c) Promptly after completion of Part C of the Project, but in any event not later than six months after the Closing Date or such later date as may be agreed for this purpose between HUDCO and the Bank, HUDCO shall prepare and furnish to the Bank a report, of such scope and in such detail as the Bank shall reasonably request, on the execution and initial operation of Part C of the Project, its cost and impact, the performance by HUDCO and the Bank of their respective obligations under the HUDCO Agreement and the accomplishment of the purposes of the Loan.

Section 2.06. HUDCO shall duly perform all its obligations under the Subsidiary Loan Agreement and the MPHB Loan Agreement. Except as the Bank shall otherwise agree, HUDCO shall not take or concur in any action which would have the effect of amending,

abrogating, assigning or waiving the Subsidiary Loan Agreement and the MPH B Loan Agreement, or any provision thereof.

Section 2.07. HUDCO shall, at the request of the Bank, exchange views with the Bank with regard to the progress of the Project, the performance of its obligations under this Agreement, under the Subsidiary Loan Agreement and under the MPH B Loan Agreement, and other matters relating to the purposes of the Loan.

Section 2.08. HUDCO shall appraise the area development program to be carried out in the Project Towns under Part A (i) of the Project in accordance with criteria agreed upon among the Bank, Madhya Pradesh and HUDCO.

### **ARTICLE III**

#### **Management and Operations of HUDCO**

Section 3.01. HUDCO shall carry on its operations and conduct its affairs in accordance with sound administrative and financial practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

### **ARTICLE IV**

#### **Financial Covenants**

Section 4.01. HUDCO shall maintain records adequate to reflect in accordance with consistently maintained appropriate accounting practices its operations and financial condition.

Section 4.02. HUDCO shall:

(a) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;

(b) furnish to the Bank as soon as available, but in any case not later than nine months after the end of each such year, (i) certified copies of its financial statements for such year as so audited, and (ii) the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and

(c) furnish to the Bank such other information concerning said accounts, financial statements, records and expenditures, as well as the audit thereof, as the Bank shall from time to time reasonably request.

#### **ARTICLE V**

##### **Effective Date; Termination; Cancellation and Suspension**

Section 5.01. This Agreement shall come into force and effect on the date upon which the Loan Agreement becomes effective.

Section 5.02. (a) This Agreement and all obligations of the Bank and of HUDCO thereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms and the Bank shall promptly notify HUDCO thereof.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

#### **ARTICLE VI**

##### **Miscellaneous Provisions**

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Bank:

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

Cable address:

INTBAFRAD  
Washington, D.C.

For HUDCO:

Housing and Urban Development Corporation  
Limited  
HUDCO House, Lodhi Road  
New Delhi - 110003, India

Cable address:

HOUSECORP  
New Delhi

Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of HUDCO may be taken or executed by the Chairman or such other person or persons as HUDCO shall designate in writing, and HUDCO shall furnish to the Bank sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

By */s/ W. David Hopper*

Regional Vice President  
South Asia

HOUSING AND URBAN DEVELOPMENT CORPORATION  
LIMITED

By */s/ S.P. Bagla*

Authorized Representative

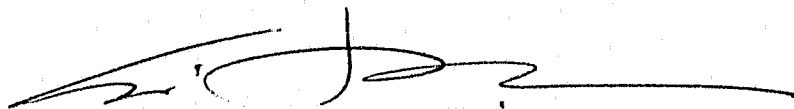


INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

CERTIFICATE

I hereby certify that the foregoing is a true copy of the original in the archives of the International Bank for Reconstruction and Development.

In witness whereof I have signed this Certificate and affixed the Seal of the Bank thereunto this 19<sup>th</sup> day of JULY, 1983.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end.

FOR SECRETARY