CONFORMED COPY

LOAN NUMBER 3753 IN

Loan Agreement

(Container Transport Logistics Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

CONTAINER CORPORATION OF INDIA LIMITED

Dated August 29, 1994

LOAN NUMBER 3753 IN

LOAN AGREEMENT

AGREEMENT, dated August 29, 1994, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and CONTAINER CORPORATION OF INDIA LIMITED (the Borrower).

WHEREAS: (A) India, acting by its President (the Guarantor) and the Borrower, having been satisfied as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, have requested the Bank to assist in the financing of the Project;

(B) by an agreement (the Guarantee Agreement) of even date herewith between the Guarantor and the Bank, the Guarantor has agreed to guarantee the obligations of the Borrower in respect of the Loan and to undertake such other obligations as set forth in the Guarantee Agreement;

(C) the Royal Netherlands Government has provided a technical assistance grant to India to assist the Borrower in the carrying out of part of the Project; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) The last sentence of Section 3.02 is deleted.

(b) In Section 6.02, sub-paragraph (k) is re-lettered as sub-paragraph (l) and a new sub-paragraph (k) is added to read:

> "(k) An extraordinary situation shall have arisen under which any further withdrawals under the Loan would be inconsistent with the provisions of Article III, Section 3 of the Bank’s Articles of Agreement."

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Railways" means the Ministry of Railways of the Guarantor;

(b) "MOU" means the Memorandum of Understanding to be entered into between the Railways and the Borrower to ensure the availability of trains and specified container train pathways;

(c) "Bombay Port" means the Bombay Port Trust established pursuant to Section 4 of the Bombay Port Trust Act, 1879, as amended, of the Guarantor;

(d) "Nehru Port" means the Jawaharlal Nehru Port Trust at Nhava Sheva established pursuant to Section 4 of the Major Port Trusts Act, 1963, as amended, of the Guarantor;

(e) "Madras Port" means the Port of Madras Port Trust established pursuant to Madras Port Trust Act, 1905, as amended, of the Guarantor;

(f) "Dutch Grant" means the technical assistance grant made by the Royal Dutch Government to the Guarantor to assist the Borrower in carrying out Part B of the Project;

(g) "Container Depot" means the Tughlakabad Inland Container Depot of the Borrower; and

(h) "FY" means the fiscal year of the Borrower (April 1 through March 31).

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of ninety-four million dollars ($94,000,000), being the sum of withdrawals of the proceeds of the Loan, with each withdrawal valued by the Bank as of the date of such withdrawal.

Section 2.02. The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan.

Section 2.03. The Closing Date shall be December 31, 1999 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower and the Guarantor of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to the Cost of Qualified Borrowings determined in respect of the preceding Semester, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rate applicable during such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower and the Guarantor of the Cost of Qualified Borrowings determined in respect of such Semester.

(c) For the purposes of this Section:

(i) "Interest Period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of this Agreement, beginning with the Interest Period in which this Agreement is signed.

(ii) "Cost of Qualified Borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the Bank drawn down after June 30, 1982, excluding such borrowings or portions thereof as the Bank has allocated to fund: (A) the Bank's investments; and (B) loans which may be made by the Bank after July 1, 1989 bearing interest rates determined otherwise than as provided in paragraph (a) of this Section.

(iii) "Semester" means the first six months or the second six months of a calendar year.

(d) On such date as the Bank may specify by no less than six months' notice to the Borrower, paragraphs (a), (b) and (c) (iii) of this Section shall be amended to read as follows:

> "(a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Quarter equal to the Cost of Qualified Borrowings determined in respect of the preceding Quarter, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rates applicable during such Interest Period."
>
> "(b) As soon as practicable after the end of each Quarter, the Bank shall notify the Borrower and the

Guarantor of the Cost of Qualified Borrowings determined in respect of such Quarter."

"(c) (iii) 'Quarter' means a three-month period commencing on January 1, April 1, July 1 or October 1 in a calendar year."

Section 2.06. Interest and other charges shall be payable semiannually on February 15 and August 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

ARTICLE III

Execution of the Project

Section 3.01. The Borrower declares its commitment to the objective of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial and business practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement.

Section 3.03. The Borrower shall, by December 31, 1994, or such later date as the Bank may agree, enter into an agreement with Bombay Port, Nehru Port, Madras Port each to ensure a substantial improvement in the turnaround time of container flats in the respective port areas which shall include loading and unloading of containers.

Section 3.04. The Borrower shall for the duration of the Project, maintain a satisfactory MOU in force as revised annually and shall furnish to the Bank such MOU by April 30, 1995 for FY1995-1996 and by each April 30 thereafter the MOU for the subsequent fiscal year. Without any limitation to the foregoing the MOU shall contain provisions as to increased availability of guaranteed trains and reduced transit times.

Section 3.05. The Borrower shall carry out with the Bank and the Guarantor, by December 31, 1995, an implementation review of the Project.

ARTICLE IV

Management and Operations of the Borrower

Section 4.01. The Borrower 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.

Section 4.02. The Borrower shall at all times operate and maintain its plants, machinery, equipment and other property, and, as needed, make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial and business practices.

Section 4.03. The Borrower shall take out and maintain with responsible insurers, or make other provision satisfactory to the Bank for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

Section 4.04. Except as the Bank shall otherwise agree, the Borrower shall not sell, lease, or transfer or otherwise dispose of any of its properties or assets which shall be required for the efficient carrying on of its businesses and undertakings, including the Project, but the Borrower shall be at liberty to dispose of any of its properties or assets which are not so required.

Section 4.05. The Borrower shall cause its subsidiaries (if any) to observe and perform the obligations of the Borrower under this Agreement to the extent to which the same may be applicable thereto as though such obligations were binding upon each such subsidiary.

Section 4.06. The Borrower shall inform the Bank prior to making any major changes in its organizational structure or in the scope of activities handled by it.

ARTICLE V

Financial Covenants

Section 5.01. (a) The Borrower shall maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition.

(b) The Borrower shall:

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

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

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

Section 5.02. (a) Except as the Bank shall otherwise agree, the Borrower shall earn, for each of its fiscal years an annual return of not less than 17% of the average current net value of the Borrower’s fixed assets in operation.

(b) Before February 28, in each of its fiscal years, the Borrower shall, on the basis of forecasts prepared by the Borrower and satisfactory to the Bank, review whether it would meet the requirements set forth in paragraph (a) in respect of such year and the next following fiscal year and shall furnish to the Bank the results of such review upon its completion.

(c) If any such review shows that the Borrower would not meet the requirements set forth in paragraph (a) for the Borrower’s fiscal years covered by such review, the Borrower shall promptly take all necessary measures (including, without limitation, adjustments of the structure or levels of its charges) in order to meet such requirements.

(d) For the purposes of this Section:

(i) The annual return shall be calculated by dividing the Borrower’s net operating income for the fiscal year in question by one half of the sum of the current net value of the Borrower's fixed assets in operation at the beginning and at the end of that fiscal year.

(ii) The term "net operating income" means total operating revenues less total operating expenses.

(iii) The term "total operating revenues" means revenues from all sources related to operations.

(iv) The term "total operating expenses" means all expenses related to operations, including administration, adequate maintenance, taxes and payments in lieu of taxes, and provision for depreciation on the average current gross value of the Borrower's fixed assets in operation, or other basis acceptable to the Bank, but excluding interest and other charges on debt.

(v) The average current gross value of the Borrower's fixed assets in operation shall be calculated as one half of the sum of the gross value of the Borrower's fixed assets in operation at the beginning and at the end of the fiscal year, as valued from time to time in accordance with sound and consistently maintained methods of valuation satisfactory to the Bank.

(vi) The term "current net value of the Borrower's fixed assets in operation" means the gross value of the Borrower's fixed assets in operation less the amount of accumulated depreciation, as valued from time to time in accordance with sound and consistently maintained methods of valuation satisfactory to the Bank.

Section 5.03. (a) Except as the Bank shall otherwise agree, the Borrower shall maintain, for each of its fiscal years, a ratio of total operating expenses to total operating revenues not higher than 83%.

(b) Before February 28, in each of its fiscal years, the Borrower shall, on the basis of forecasts prepared by the Borrower and satisfactory to the Bank, review whether it would meet the requirements set forth in paragraph (a) in respect of such year and the next following fiscal year, and shall furnish to the Bank the results of such review upon its completion.

(c) If any such review shows that the Borrower would not meet the requirements set forth in paragraph (a) for the Borrower's fiscal years covered by such review, the Borrower shall promptly take all necessary measures (including, without limitation, adjustments of the structure or levels of its prices) in order to meet such requirements.

(d) For the purposes of this Section:

(i) The term "total operating expenses" means all expenses related to operations, including administration, adequate maintenance, taxes and payments in lieu of taxes, and provision for depreciation on the average current gross value of the Borrower's fixed assets in operation, or other basis acceptable to the Bank, but excluding interest and other charges on debt; and

(ii) The term "total operating revenues" means revenues from all sources related to operations.

Section 5.04. (a) Except as the Bank shall otherwise agree, the Borrower shall not incur any debt, if after the incurrence of such debt the ratio of debt to equity shall be greater than 3 to 1.

(b) For the purposes of this Section:

(i) The term "debt" means any indebtedness of the Borrower maturing by its terms more than one year after the date on which it is originally incurred.

(ii) Debt shall be deemed to be incurred: (A) under a loan contract or agreement or other instrument providing for such debt or for the modification of its terms of payment on the date of such contract, agreement or instrument; and (B) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into.

(iii) The term "equity" means the sum of the total unimpaired paid-up capital, retained earnings and reserves of the Borrower not allocated to cover specific liabilities.

(iv) Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Guarantor, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt, or, in the absence of such rate, on the basis of a rate of exchange acceptable to the Bank.

Section 5.05. (a) Except as the Bank shall otherwise agree, the Borrower shall maintain a ratio of current assets to current liabilities of not less than 1:1.

(b) Before February 28, in each of its fiscal years, the Borrower shall, on the basis of forecasts prepared by the Borrower and satisfactory to the Bank, review whether it would meet the requirements set forth in paragraph (a) in respect of such year and the next following fiscal year and shall furnish to the Bank the results of such review upon its completion.

(c) If any such review shows that the Borrower would not meet the requirements set forth in paragraph (a) for the Borrower's fiscal years covered by such review, the Borrower shall promptly take all necessary measures (including, without limitation, adjustments of the structure or levels of its charges) in order to meet such requirements.

(d) For the purposes of this Section:

(i) The term "current assets" means cash, all assets which could in the ordinary course of business be converted into cash within twelve months, including accounts receivable, marketable securities, inventories and pre-paid expenses properly chargeable to operating expenses within the next fiscal year;

(ii) The term "current liabilities" means all liabilities which will become due and payable or could under circumstances then existing be called for payment within twelve months, including accounts payable, customer advances, debt service requirements, taxes and payments in lieu of taxes, and dividends; and

(iii) Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Guarantor, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt, or, in the absence of such rate, on the basis of a rate of exchange acceptable to the Bank.

Section 5.06. (a) Except as the Bank shall otherwise agree, the Borrower shall not incur any debt unless the projected internal cash generation of the Borrower for each fiscal year during the term of the debt to be incurred shall be at least 1.7 times the estimated debt service requirements of the Borrower in such year on all its debt including the debt to be incurred.

(b) For the purposes of this Section:

(i) The term "debt" means any indebtedness of the Borrower maturing by its terms more than one year after the date on which it is originally incurred;

(ii) The term "internal cash generation" means the difference between:

(A) The sum of revenues from all sources both operational and nonoperational; and

(B) the sum of all expenses related to operations, including administration, adequate maintenance, taxes and payments in lieu of such taxes, but excluding provision for depreciation, other non-cash operating charges and interest and other charges on debt.

Section 5.07. (a) The Borrower shall furnish to the Bank, for the Bank’s comments, not later than February 28 of each fiscal year, starting February 28, 1995 its annually updated Five-Year Business and Finance Plan.

(b) The Borrower shall take all such action as shall be necessary on its part to achieve performance and productivity indicators, including such indicators for Container Depot, agreed with the Bank.

ARTICLE VI

Remedies of the Bank

Section 6.01. Pursuant to Section 6.02 (l) of the General Conditions, the following additional event is specified, namely, that a change shall have been made in the Memorandum, or Articles, of Association of the Borrower which would materially and adversely affect the financial condition or operations of the Borrower, or its ability to perform any of its obligations under this Agreement.

Section 6.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional event is specified, namely, that any event specified in Section 6.01 of this Agreement shall occur.

ARTICLE VII

Effective Date; Termination

Section 7.01. The following events are specified as additional conditions to the effectiveness of the Loan

Agreement within the meaning of Section 12.01 (c) of the General Conditions:

(a) that the Borrower has implemented a new claims settlement policy; and

(b) the Board of Directors of the Borrower shall have been broadened by the appointment thereto of nonofficial part-time directors in accordance with the guidelines No. 18(6)/91-9m, dated March 16, 1992, of the Department of Public Enterprises of the Guarantor.

Section 7.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VIII

Representative of the Borrower; Addresses

Section 8.01. The Managing Director, or such other person as shall be duly authorized by the Managing Director, of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 8.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Bank:

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

Cable address:	Telex:
INTBAFRAD Washington, D.C.	248423 (RCA) 82987 (FTCC) 64145 (WUI) or 197688 (TRT)

For the Borrower:

Container Corporation of India Limited
4th Floor, Kanishka Office Plaza
19, Ashoka Road
New Delhi - 110 001
India

Telex:

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IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, 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/ Joseph D. Wood

Regional Vice President

South Asia

CONTAINER CORPORATION OF INDIA LIMITED

By /s/ Narayan Valluri
Authorized Representative

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) Flat cars, cargo handling and other equipment	91,800,000	100% of foreign expenditures and 100% of local expenditures (ex-factory cost)
(2) Technical assistance and training	200,000	100%
(3) Unallocated	2,000,000	
TOTAL	94,000,000	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Guarantor for goods or services supplied from the territory of any country other than that of the Guarantor; and

(b) the term "local expenditures" means expenditures in the currency of the Guarantor or for goods or services supplied from the territory of the Guarantor.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of $5,000,000 may be made in respect of Category 1 on account of payments made for expenditures before that date but after January 1, 1994.

SCHEDULE 2

Description of the Project

The objective of the Project is to help develop a necessary framework for container transport.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objective:

Part A:

Improvement of the institutional framework for efficient and competitive container transport by removing some of the restrictive customs practices and policies restricting inland movements of containers to enable the users freedom of choice as to the mode of transport.

Part B:

Strengthening of the commercial approach and operational capacity of the Borrower in an increasingly competitive environment, including provision of computer systems and related software to computerize accounting, inventory control and providing commercial logistic support.

Part C:

Supporting a program of scheduled high quality container train services in the main corridors through:

(i) acquisition and retrofitting of about 1,200 flat cars to air braking systems;

(ii) acquisition of about 1,500 new container flat cars equipped with air brakes and high speed bogies (100 KPH capability);

(iii) acquisition of five prototype 60 foot long light weight flat cars capable of carrying three loaded 20-foot containers for testing purposes in preparation for the next generation of higher capacity flat cars;

(iv) acquisition of about 750 new flat cars of the same design as under (ii) above or of an equivalent capacity of the new designs under (iii) above provided the design has been approved by the time of starting procurement;

(v) acquisition of complementary cargo handling equipment for the Container Depot, including one rubber tired gantry crane (having a span of 26.5 meters), two reach stackers, and other ancillary equipment;

(vi) acquisition of an electronic tracking system for container trains, flat cars and containers on a pilot basis;

(vii) construction of civil works necessary for completing development of the Container Depot and construction of new depots at Ludhiana and Hyderabad to better serve emerging markets; and

(viii) provision of engineering services for design inspection and testing of flat cars.

Part D:

Provision of technical assistance and training to improve the Borrower’s operational, commercial, financial and general management capabilities, with particular attention to the operations at the Container Depot.

* * *

The Project is expected to be completed by June 30, 1999.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
February 15, 2000	1,780,000
August 15, 2000	1,845,000
February 15, 2001	1,915,000
August 15, 2001	1,980,000
February 15, 2002	2,055,000
August 15, 2002	2,130,000
February 15, 2003	2,205,000
August 15, 2003	2,285,000
February 15, 2004	2,370,000
August 15, 2004	2,455,000
February 15, 2005	2,545,000
August 15, 2005	2,635,000
February 15, 2006	2,735,000
August 15, 2006	2,835,000
February 15, 2007	2,935,000
August 15, 2007	3,040,000
February 15, 2008	3,155,000
August 15, 2008	3,270,000
February 15, 2009	3,385,000
August 15, 2009	3,510,000
February 15, 2010	3,635,000
August 15, 2010	3,770,000
February 15, 2011	3,905,000
August 15, 2011	4,050,000
February 15, 2012	4,195,000
August 15, 2012	4,350,000
February 15, 2013	4,505,000
August 15, 2013	4,670,000
February 15, 2014	4,840,000
August 15, 2014	5,015,000

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* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

Pursuant to Section 3.04 (b) of the General Conditions, the premium payable on the principal amount of any maturity of the Loan to be prepaid shall be the percentage specified for the applicable time of prepayment below:

Time of Prepayment	Premium
	The interest rate (expressed as a percentage per annum) applicable to the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.15
More than three years but not more than six years before maturity	0.30
More than six years but not more than 11 years before maturity	0.55
More than 11 years but not more than 16 years before maturity	0.80
More than 16 years but not more than 18 years	0.90

before maturity	
More than 18 years before maturity	1.00

SCHEDULE 4

Procurement

Section I. Procurement of Goods

Part A: International Competitive Bidding

Goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1992 (the Guidelines).

(a) For fixed-price contracts, the invitation to bid referred to in paragraph 2.13 of the Guidelines shall provide that, when contract award is delayed beyond the original bid validity period, the successful bidder’s bid price will be increased for each week of delay by two predisclosed correction factors acceptable to the Bank, one to be applied to all foreign currency components and the other to the local currency component of the bid price. Such an increase shall not be taken into account in the bid evaluation.

(b) In the procurement of goods in accordance with this Part A, the Borrower shall use the relevant standard bidding documents issued by the Bank, with such modifications thereto as the Bank shall have agreed to be necessary for the purposes of the Project. Where no relevant standard bidding documents have been issued by the Bank, the Borrower shall use bidding documents based on other internationally recognized standard forms agreed with the Bank.

(c) To the extent practicable, contracts for goods shall be grouped into bid packages estimated to cost the equivalent of $200,000 or more.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A. hereof, goods manufactured in India may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Review of invitations to bid and of proposed awards and final contracts

1. With respect to each contract for goods estimated to cost the equivalent of $200,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply.

2. With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply.

3. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

1. To assist the Borrower, as needed, in the carrying out of the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of

employment shall be satisfactory to the Bank. Such consultants shall 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 (the Consultant Guidelines). For complex, time-based assignments, the Borrower shall employ such consultants under contracts using the standard form of contract for consultants' services issued by the Bank, with such modifications as shall have been agreed by the Bank. Where no relevant standard contract documents have been issued by the Bank, the Borrower shall use other standard forms agreed with the Bank.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Bank review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts, shall not apply to (a) contracts for the employment of consulting firms estimated to cost less than $100,000 equivalent each or (b) contracts for the employment of individuals estimated to cost less than $50,000 equivalent each. However, said exceptions to prior Bank review shall not apply to (a) the terms of reference for such contracts, (b) single-source selection of consulting firms, (c) assignments of a critical nature, as reasonably determined by the Bank, (d) amendments to contracts for the employment of consulting firms raising the contract value to $100,000 equivalent or above, or (e) amendments to contracts for the employment of individual consultants raising the contract value to $50,000 equivalent or above.