
CREDIT NUMBER 6956-IN (Credit A)
CREDIT NUMBER 6955-IN (Credit B)

Financing Agreement
(Creating a Coordinated and Responsive Indian Social Protection System
Development Policy Financing)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 6956-IN (Credit A)
CREDIT NUMBER 6955-IN (Credit B)

FINANCING AGREEMENT

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

WHEREAS, the Recipient has requested both the Association and IBRD to contribute to the financing of its Program, as such term is defined in the Appendix to this Agreement, including:

- (a) a credit from the Association comprising a concessional portion of an amount of SDR 12,600,000 and a non-concessional portion of an amount of ninety-four million and five hundred thousand Dollars (\$94,500,000); and
- (b) a loan from the Bank in an amount of three hundred and eighty-seven million five hundred thousand Dollars (\$387,500,000).

NOW, THEREFORE, the Recipient and the Association 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 — CREDIT

- 2.01. The Association agrees to extend to the Recipient a credit, which comprises:

- (a) a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to twelve million and six hundred thousand Special Drawing Rights (SDR12,600,000) (“Credit A) and
 - (b) a credit which is deemed as Non-concessional Financing for purposes of the General Conditions, in the amount of ninety-four million and five hundred thousand Dollars (\$94,500,000) (“Credit B”), as such amounts may be converted from time to time through a Currency Conversion (“Credit A and B” are also collectively referred to variously as the “Credit” or the “Financing”).
- 2.02. The Front-end Fee applicable to Credit B is one quarter of one percent ($\frac{1}{4}$ of 1%) of Credit B amount.
- 2.03. (a) For Credit A, the Maximum Commitment Charge Rate is one-half of one percent ($\frac{1}{2}$ of 1%) per annum on the Unwithdrawn Financing Balance
- (b) For Credit B, the Commitment Charge is one-quarter of one percent ($\frac{1}{4}$ of 1%) per annum on the Unwithdrawn Credit Balance.
- 2.04. For Credit A, the Service Charge is three-fourths of one percent ($\frac{3}{4}$ of 1%) per annum on the Withdrawn Credit Balance
- 2.05 The Interest Charge is:
- (a) for Credit A, one and a quarter percent (1.25%) per annum on the Withdrawn Credit Balance; and
 - (b) for Credit (B), the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.09(e) of the General Conditions.
- 2.06. The Payment Dates are June 15 and December 15 in each year.
- 2.07. For Credit A, the Payment Currency is Dollar.
- 2.08. The principal amount of the Credit shall be repaid in accordance with Schedule 2 to this Agreement.

- 2.09. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Recipient shall promptly furnish to the Association such information relating to the provisions of this Article II as the Association may, from time to time, reasonably request.

ARTICLE III — PROGRAM

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

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 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 Condition of Effectiveness consists of the following, namely, that the Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient's macroeconomic policy framework
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 5.03. For purposes of Section 10.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient'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 Recipient's Ministry of Finance.

6.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient's address is:

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

(b) the Recipient's Electronic Address is:

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

6.03. For purposes of Section 11.01 of the General Conditions: (a) The Association's address is:

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

(b) the Association's Electronic Address is:

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

AGREED as of the Signature Date.

INDIA

By



Authorized Representative

Rajat Kumar Mishra

Name: _____

Title: _____
Rajat Kumar Mishra

Date: _____
15-Jul-2021

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Junaid Kamal Ahmad

Name: _____

Title: _____
Country Director

Date: _____
15-Jul-2021

SCHEDULE 1

Program Actions; Availability of Credit Proceeds

Section I. Actions under the Program

Pillar I: Institutional Co-ordination

1. The Ministry of Finance has increased devolution to state governments and direct grants to local government bodies, with a raise in central grants to states for disaster management (and 40% of State Disaster Response Fund earmarked for response and relief activities, including livelihood support, cash transfers and others for disaster relief).
2. The Ministry of Finance has incorporated the food subsidy in the budget of 2021-22, as part of the Department of Food and Public Distribution demand for grants.
3. The Ministry of Finance has initiated a detailed exercise to rationalize and reduce the number of centrally sponsored schemes.

Pillar II: Expanding the Net for Urban Informal Workers

4. The Ministry of Housing and Urban Affairs has launched the National Urban Digital Mission, which will upgrade data infrastructure and create data exchange platforms for urban local bodies.
5. The Ministry of Housing and Urban Affairs has launched a new credit/loan program for urban street vendors.

Pillar III: Strengthening Delivery Systems

6. The Ministry of Electronics and Information Technology has formulated a draft scheme with incentives to boost digital transactions in India.
7. The Ministry of Consumer Affairs, Food and Public Distribution has launched a mobile-based application for migrants to locate the nearest fair price shop to receive food grains.

Pillar IV: Climate Action

8. The Ministry of Finance has enhanced the weightage given to forest, ecology, climate vulnerabilities and disaster risk of each state, in allocating central government grants to state governments for disaster management.

9. The Ministry of Finance has developed central challenge grants to be awarded to cities with population above one million based on achievement of air quality parameters.
10. The Ministry of Environment, Forests and Climate Change has created a multi-sector committee to monitor progress of India's implementation of the Paris Agreement.
11. The Ministry of Environment, Forests and Climate Change has created a portal that captures key adaptation and mitigation actions taken by various ministries and helps disseminate amongst citizens information on key climate change matters in India.

Section II. Availability of Credit Proceeds

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

Allocations	Amount of Credit A (expressed in SDR)	Amount of Credit B (expressed in USD)
(1) Single Withdrawal Tranche	12,600,000	94,263,750
(2) Front-end Fee	N/A	236,250
(3) Amount due pursuant to Section 4.06 (c) of the General Conditions		0
TOTAL AMOUNT	12,600,000	94,500,000

C. Withdrawal of Credit Proceeds.

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

D. Deposit of Financing Amounts.

1. The Recipient, within thirty (30) days after the withdrawal of the Financing from the Financing Account, shall report to the Association: (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 Financing proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Recipient'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.

E. Closing Date. The Closing Date is December 31, 2022.

SCHEDULE 2

Commitment-Linked Amortization Repayment Schedule

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

Level Principal Repayments

Principal Payment Date	Installment Share
On each June 15 and December 15 Beginning December 15, 2026 through June 15, 2046	1.65%
Beginning December 15, 2046 through June 15, 2051	3.4%

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

Level Principal Repayments

Principal Payment Date	Installment Share
On each June 15 and December 15 Beginning December 15, 2026 through June 15, 2039,	3.7%
On December 15, 2039	3.8%

APPENDIX

Definitions

1. “Department of Food and Public Distribution” means the department of food and public distribution under the Ministry of Consumer Affairs, Food and Public Distribution.
2. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Development Policy Financing”, dated December 14, 2018 (revised on August 1, 2020 and April 1, 2021).
3. “Ministry of Consumer Affairs, Food and Public Distribution” means the ministry responsible for consumer affairs, food and public distribution in the Recipient’s central government.
4. “Ministry of Electronics and Information Technology” means the ministry responsible for electronics and information technology in the Recipient’s central government.
5. “Ministry of Environment, Forests and Climate Change” means the ministry responsible for environment and forests and climate change in the Recipient’s central government.
6. “Ministry of Finance” means the ministry responsible for finance in the Recipient’s central government.
7. “Ministry of Housing and Urban Affairs” means the ministry responsible for housing and urban affairs in the Recipient’s central government.
8. “Paris Agreement” means the legally binding international treaty on climate change, adopted by 196 Parties at Paris Conference on Climate Change, on December 12, 2015 and entered into force on November 4, 2016.
9. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated May 28, 2021 from the Recipient to the Association declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Association 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.

10. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
11. “Single Withdrawal Tranche” means the amount of the Credit 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.
12. “State Disaster Response Fund” means the Recipient’s fund constituted under Section 48(1) (a) of its Disaster Management Act, 2005 (Act no. 53 of 2005).