

Public Disclosure Authorized

CONFORMED COPY

LOAN NUMBER 8066-IN

Loan Agreement

(Eastern Dedicated Freight Corridor – I Project)

between

INDIA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated October 27, 2011

LOAN AGREEMENT

AGREEMENT dated October 27, 2011, between INDIA (the “Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the “Bank”). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral 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, on the terms and conditions set forth or referred to in this Agreement, the amount of nine hundred and seventy five million Dollars (\$975,000,000) (the “Loan”), to assist in financing the project described in Schedule 1 to this Agreement, as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (the “Loan”), to assist in financing the project described in Schedule 1 to this Agreement (the “Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02(e) of the General Conditions.
- 2.05. The Payment Dates are May 15 and November 15 in each year.

- 2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa, or from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05(c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall ensure that the Project is carried out by DFCCIL in accordance with the provisions of Article V of the General Conditions and the Project Agreement.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following, namely that DFCCIL's Memorandum and Articles of Association, dated October 23, 2006, has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of DFCCIL to perform any of its obligations under the Project Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is the Secretary, or any Additional Secretary, Joint Secretary, Director, Deputy Secretary or Under Secretary of the Department of Economic Affairs in the Ministry of Finance of the Borrower.
- 6.02. The Borrower's Address is:

Secretary to the Government of India
Department of Economic Affairs
Ministry of Finance
New Delhi, India

Cable:	Telex:	Facsimile:
ECOFAIRS New Delhi	953-31-66175 FINE IN	91-11-23094075

- 6.03. The Bank's Address is:

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

Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

AGREED at New Delhi, India, as of the day and year first above written.

INDIA

By /s/ Venu Rajamony
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Roberto Zaghera
Authorized Representative

SCHEDULE 1

Project Description

The objectives of the Project are to: (i) provide additional rail transport capacity, improve service quality and higher freight throughput on the 343 km Khurja to Kanpur section of the Eastern rail corridor; and (ii) develop the institutional capacity of DFCCIL to build and maintain the DFC infrastructure network.

The Project consists of the following components:

Part 1. Design and Construction of Khurja-Kanpur Rail Corridor

Design, construction and commissioning of 343 km of double track electrified railway on the Khurja–Kanpur section of the Eastern DFC, including related consultancy services under this Part 1 of the Project.

Part 2. Institutional Development

Institutional development to assist DFCCIL and MOR to develop their capabilities to best utilize heavy haul freight systems.

SCHEDULE 2

Project Execution

Section I. Implementation, Institutional and Other Arrangements

- A. To facilitate the carrying out of the Project by DFCCIL, the Borrower shall make the proceeds of the Loan available to DFCCIL under a subsidiary agreement between the Borrower, through MOR, and DFCCIL, satisfactory to the Bank (the "Subsidiary Loan Agreement"). The Borrower shall, through MOR, provide its counterpart contribution as required by the Project to DFCCIL in a timely and adequate manner. The Borrower shall protect the interests of the Borrower and the Bank to accomplish the purposes of the Loan.
- B. The Borrower shall ensure that not later than September 30, 2011, MOR and DFCCIL enter into a concession agreement (the "Concession Agreement") and that DFCCIL and MOR, prior to the commissioning of the facilities financed by the Loan, update the Concession Agreement to incorporate relevant schedules into the Track Access Agreement (as a part of the Concession Agreement), both under terms and conditions satisfactory to the Bank.
- C. The Borrower, through MOR, shall ensure that the Project is carried out in accordance with the provisions of the Project Implementation Manual, the Subsidiary Loan Agreement, the Concession Agreement, the Track Access Agreement, the Anti-Corruption Guidelines, and the GAAP, and shall ensure that the Implementation Manual, the Subsidiary Loan Agreement, the Concession Agreement, the Track Access Agreement (as a part of the Concession Agreement), and the GAAP are not materially revised, amended, waived, assigned or abrogated without the prior consent of the Bank. If any provision of this Agreement is inconsistent with a provision of the Project Implementation Manual, the Subsidiary Loan Agreement, the Concession Agreement, the Track Access Agreement (as a part of the Concession Agreement), or the GAAP, the provision of this Agreement shall prevail.
- D. The Borrower shall ensure that DFCCIL implements the Project in accordance with the terms and conditions set out in the Project Agreement.
- E. The Borrower shall ensure that an Empowered Committee (EC) is established and maintained throughout the period of Project implementation, to address inter-ministerial and state-level issues related to the Project.
- F. With respect to the road over bridges to be built in the State of Uttar Pradesh linked to the Project as detailed in the Project Implementation Manual (the "Linked Activities"), which may be updated from time to time, the Borrower, through MOR, shall take all necessary measures to ensure that:

- (a) prior to the commencement of any civil works under the Linked Activities, that: (i) a resettlement action plan, acceptable to the Bank, is prepared in accordance with the guidelines and procedures set forth in the RPF, and thereafter said resettlement action plan is implemented, in a form and substance satisfactory to the Bank; (ii) an environmental management plan, acceptable to the Bank, is prepared in accordance with the guidelines and procedures set forth in the EMF, and thereafter said environmental management plan is implemented in a form and substance satisfactory to the Bank;
- (b) the provisions of the resettlement action plan and the environmental management plan referred to in sub-paragraph (a) above are not amended, revised, or waived without the prior agreement of the Bank; and
- (c) not later than December 31 of each year, starting December 31, 2011, an annual work program of the Linked Activities is submitted to the Bank for its review and comments and that said annual work program is implemented taking into account the Bank's comments thereon, if any.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

The Borrower, through MOR, shall, and shall ensure that DFCCIL monitor and evaluate the progress of the Project, and cause the Project Reports to be prepared in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators agreed with the Bank. Each Project Report shall cover the period of one (1) Financial Year quarter, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall cause DFCCIL to maintain a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. The Borrower shall ensure that DFCCIL have the Financial Statements audited in accordance with the provisions of Section 5.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) Financial Year, commencing with the Financial Year in which the first withdrawal under the Project was made. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

3. Without limitation on the provisions of Part A of this Section, the Borrower shall cause DFCCIL to prepare and furnish to the Bank not later than forty-five (45) days after the end of each Financial Year quarter, interim unaudited financial reports for the Project, covering the quarter, in form and substance satisfactory to the Bank.

Section III. Procurement

A. General

1. **Goods and works.** All goods and works required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
(a) National Competitive Bidding (subject to the additional provisions agreed upon from time to time between the Borrower and the Bank and referred to in the Procurement Plan)
(b) Shopping
(c) Direct Contracting

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies the methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
(a) Quality-Based Selection
(b) Selection under a Fixed Budget
(c) Least Cost Selection
(d) Selection Based on the Consultants' Qualifications
(e) Single-Source Selection
(f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants
(g) Sole Source Procedures for the Selection of Individual Consultants

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, consultants' services and Training under Part 1 of the Project	919,562,500	66%
(2) Goods, consultants services and Training under Part 2 of the Project	50,000,000	100%
(3) Refund of the Preparation Advance	3,000,000	Amount payable pursuant to Section 2.07(a) of the General Conditions
(4) Front-end Fee	2,437,500	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions
(5) Premia for Interest Rate Cap or Interest Rate Collar	-0-	Amount payable pursuant to Section 2.07(c) of this Agreement in accordance with Section 4.05(c) of the General Conditions
TOTAL AMOUNT	975,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for:
 - (a) payments made prior to the date of this Agreement; or
 - (b) payments under Categories (1) and (2) until the Subsidiary Loan Agreement has been executed on behalf of the Borrower and DFCCIL and the Subsidiary Loan Agreement has been duly authorized or ratified by the Borrower and DFCCIL and is legally binding upon the Borrower and DFCCIL in accordance with its terms.
2. The Closing Date is June 30, 2017.

SCHEDULE 3

Amortization Schedule

1. 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”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each November 15 and May 15 Beginning November 15, 2018 through November 15, 2032	3.33%
On May 15, 2033	3.43%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
 - (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
 - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two (2) calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
 - (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
5. If the Withdrawn Loan Balance is denominated in more than one (1) Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

APPENDIX

Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Concession Agreement” means the concession agreement referred to in Section I.B of Schedule 2 to this Agreement, which sets forth, *inter alia*, concession objectives, the rights and obligations of the parties in achieving those objectives, and an enabling framework to incentivize the parties to provide and use the freight corridors efficiently and effectively, and reflects the Borrower’s objectives to strengthen DFCCIL management autonomy, independence, and market focus in construction and maintenance, as such agreement may be revised from time to time, with the prior agreement of the Bank.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credit and Grants by World Bank Borrowers” published by the Bank in January 2011.
5. “DFC” means Dedicated Freight Corridor.
6. “DFCCIL” means the Dedicated Freight Corridor Corporation of India Limited, a Schedule A Central Public Sector Enterprise, fully owned by MOR, and incorporated under the Borrower’s Companies Act, 1956, or any successor or successors thereto.
7. “Displaced Persons” means persons who, on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons; and a “Displaced Person” means any of such Displaced Persons.
8. “EMF” means the environmental management framework, dated April 11, 2011, adopted by DFCCIL and MOR, and satisfactory to the Bank, which sets forth policies and procedures for the preliminary screening of environmental impacts of any activities that may be identified during later years of implementation of the Project and the Linked Activities, and for the preparation of environmental

assessment and environment management plans therefor during the implementation of the Project and of the Linked Activities, as said framework may be amended from time to time with the prior agreement of the Bank, and such term includes all schedules and agreements supplemental to said framework.

9. “EMP” means the environmental management plan, dated April 11, 2011, adopted by DFCCIL, and satisfactory to the Bank, describing the environmental management, mitigation, monitoring, reporting and institutional measures to be undertaken by DFCCIL during the Project, as such plan may be revised from time to time with the prior agreement of the Bank.
10. “Empowered Committee” means the committee referred to in paragraph E, Section I of Schedule 2 to this Agreement.
11. “Financial Year” means the Borrower’s and Project Implementing Entities’ financial year beginning April 1 and ending March 31 of the following year.
12. “GAAP” means the governance and accountability action plan, dated April 11, 2011, which sets out the Project specific key actions to strengthen governance, transparency, and accountability, as such plan may be amended from time to time with the prior agreement of the Bank.
13. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 31, 2010.
14. “MOR” means the Ministry of Railways of India, or any successor or successors thereto.
15. “Preparation Advance” means the advance referred to in Section 2.07 (a) of the General Conditions, granted by the Bank to the Borrower pursuant to the letter agreement dated July 24, 2009.
16. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works, and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the Bank in January 2011.
17. “Procurement Plan” means the procurement plan for the Project, dated April 19, 2011, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
18. “Project Implementation Manual” means the manual dated April 19, 2011, which sets out the procedures for Project implementation, including provisions related to financial management, procurement, contract management, social and

environmental safeguards, governance, and monitoring and evaluation, as such manual may be revised from time to time with the prior agreement of the Bank.

19. “Project Implementing Entity” means DFCCIL.
20. “RAP” means the resettlement action plan, dated April 11, 2011, adopted by DFCCIL and satisfactory to the Bank, which set forth resettlement, social, land acquisition, and tribal communities rehabilitation and assistance actions to be undertaken by DFCCIL under the Project, as such plan may be revised from time to time with the prior agreement of the Bank.
21. “RPF” means the resettlement policy framework dated April 11, 2011, adopted by DFCCIL and MOR, and satisfactory to the Bank, setting forth the general terms and conditions for carrying out any social, resettlement and rehabilitation activities under the Project and the Linked Activities, including identification, assessment and mitigation of potential and social impacts arising from the Project and the Linked Activities, carrying out consultations, processing and redressing grievances, monitoring related impacts, and, if required, resettlement and rehabilitation action plans and other development and entitlement plans for Displaced Persons, as such framework may be revised from time to time, with the prior agreement of the Bank.
22. “Subsidiary Loan Agreement” means the agreement referred to in Section I.A of Schedule 2 to this Agreement pursuant to which the Borrower shall make the proceeds of the Loan available to DFCCIL, as such agreement may be revised from time to time, with the prior agreement of the Bank.
23. “Track Access Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement, included as a part of the Concession Agreement which shall contain the terms and conditions governing, *inter alia*, track access charges to be paid by MOR, performance targets and conditions of use, as such agreement may be revised from time to time, with the prior agreement of the Bank.
24. “Training” means reasonable and necessary costs of training related to Project implementation, including the fees of educational or other institutions that provide training, costs related to attendance or organization of conferences, seminars, workshops, and study tours, and the trainees’ cost of travel, boarding, lodging and per diem allowances.