

No. 29681

**FEDERAL REPUBLIC OF GERMANY
and
INDIA**

**Agreement concerning financial cooperation in 1990 (with
annex). Signed at New Delhi on 13 July 1990**

Authentic texts: German, Hindi and English.

Registered by Germany on 23 March 1993.

**RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE
et
INDE**

**Accord de coopération financière en 1990 (avec annexe).
Signé à New Delhi le 13 juillet 1990**

Textes authentiques : allemand, hindi et anglais.

Enregistré par l'Allemagne le 23 mars 1993.

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE FEDERAL
REPUBLIC OF GERMANY AND THE GOVERNMENT OF THE
REPUBLIC OF INDIA CONCERNING FINANCIAL COOPER-
ATION IN 1990

The Government of the Federal Republic of Germany
and
the Government of the Republic of India,

in the spirit of the friendly relations existing between the Federal
Republic of Germany and the Republic of India,

desiring to strengthen and intensify those friendly relations
through financial cooperation in a spirit of partnership,

aware that the maintenance of those relations constitutes the basis
of this Agreement,

intending to contribute to social and economic development in the
Republic of India,

with reference to

- the letter of 28 December 1989 from the Embassy of the Federal
Republic of Germany in New Delhi concerning the advance
commitment for the Dadri combined gas-steam power plant and
the modernization of Rourkela steelworks,
- as well as the negotiations held from 4 to 6 April 1990 and the
Minutes of 6 April 1990,

have agreed as follows:

¹ Came into force on 13 July 1990 by signature, in accordance with article 10.

Article 1

- (1) The Government of the Federal Republic of Germany shall enable the Government of the Republic of India or other recipients to be determined jointly by the two Governments to obtain from the Kreditanstalt für Wiederaufbau (Development Loan Corporation), Frankfurt/Main, loans up to a total of DM 395,000,000 (three hundred and ninety-five million Deutsche Mark) for the projects referred to in Article 2 of this Agreement.
- (2) The Government of the Federal Republic of Germany shall enable the Government of the Republic of India or other recipients to be determined jointly by the two Governments to obtain from the Kreditanstalt für Wiederaufbau, Frankfurt/Main, financial contributions up to a total of DM 30,000,000 (thirty million Deutsche Mark) for the projects referred to in Article 3 of this Agreement.

Article 2

- (1) The loans referred to in Article 1 (1) of this Agreement shall be used for the following projects:
- (a) loans up to a total of DM 301,800,000 (three hundred and one million eight hundred thousand Deutsche Mark) shall be used for the following projects if, after examination, they have been found eligible for promotion:
- (aa) modernization of Rourkela steelworks,
 - (bb) Dadri combined gas-steam power plant,
 - (cc) Uran combined gas-steam power plant,
 - (dd) railway investment programme II,

- (ee) 30 MW thermal solar power plant,
 - (ff) Orissa irrigation projects,
 - (gg) selected programmes of NABARD;
- (b) a loan of up to DM 5,000,000 (five million Deutsche Mark) shall be made available to increase former loans provided to finance capital goods to meet India's civilian requirements whose order value in individual cases does not exceed DM 7,000,000 (seven million Deutsche Mark). In exceptional cases, supplies worth up to DM 10,000,000 (ten million Deutsche Mark) may be included in this procedure. Orders worth over DM 2,000,000 (two million Deutsche Mark) shall be subject to the prior approval of the Kreditanstalt für Wiederaufbau. The Government of the Federal Republic of Germany proceeds on the understanding that the Government of the Republic of India will utilize the counterpart rupee funds accruing from the sale of the Deutsche Mark so loaned for development projects;
- (c) loans up to a total of DM 10,000,000 (ten million Deutsche Mark) shall be made available to Indian financing institutions for the purpose of promoting investment projects of medium-sized private enterprises of the processing industry if, after examination, the projects have been found eligible for promotion.

Of this amount

- (aa) the Industrial Credit and Investment Corporation of India (ICICI) shall receive up to DM 5,000,000 (five million Deutsche Mark) and
- (bb) the Industrial Finance Corporation of India (IFCI) shall receive up to DM 5,000,000 (five million Deutsche Mark);

- (d) a loan of up to DM 78,200,000 (seventy-eight million two hundred thousand Deutsche Mark) shall be utilized to meet foreign exchange costs resulting from the purchase of goods and services to cover current civilian requirements, and to meet foreign exchange and local currency costs of transport, insurance and assembly arising in connection with the importation of goods financed under this Agreement. The supplies and services must be such as are covered by the list annexed to this Agreement and for which shipping documents for up to DM 45,000,000 (forty-five million Deutsche Mark) have been drawn up after 17 January 1990 or which have been provided after that date. The key date for the remaining DM 33,200,000 (thirty-three million two hundred thousand Deutsche Mark) is 6 April 1990. When utilizing these amounts, favourable consideration shall be given to the requirements of enterprises established in India with German financial participation, as well as to holders of German licences, to the extent that such requirements are not to be met within the scope of the measures adopted by the Government of the Republic of India for the liberalization of imports. The Government of the Federal Republic of Germany proceeds on the understanding that the Government of the Republic of India will utilize the counterpart rupee funds accruing from the sale of the Deutsche Mark so loaned for development projects.
- (2) The projects referred to in paragraph 1 (a), (b) and (c) above may be replaced by other projects if the Government of the Federal Republic of Germany and the Government of the Republic of India so agree.

- (3) This Agreement shall also apply if, at a later date, the Government of the Federal Republic of Germany enables the Government of the Republic of India to obtain from the Kreditanstalt für Wiederaufbau, Frankfurt/Main, further loans or financial contributions for the preparation of the projects referred to in paragraph 1 above or financial contributions for attendant measures required for their implementation and support. Financial contributions for preparatory and attendant measures shall be converted into loans in the event that they are not used for such measures.
- (4) The Government of the Federal Republic of Germany will endeavour, on the basis of existing national directives and provided the other conditions for cover are met, to assume guarantees up to a maximum amount of DM 140,800,000 (one hundred and forty million eight hundred thousand Deutsche Mark) in respect of that part of the value of an order not financed from loans granted within the scope of financial cooperation and pertaining to export deals for the implementation of the projects referred to in paragraph 1 (aa) to (dd) above concluded with enterprises having their place of business in the German area of application of this Agreement. The following Articles of this Agreement shall also apply to the loans granted in addition to those envisaged within the scope of financial cooperation, provided that the Kreditanstalt für Wiederaufbau is the lender.

Article 3

- (1) The financial contributions referred to in Article 1 (2) of this Agreement shall be used for the following projects if, after examination, they have been found eligible for promotion and it has been confirmed that, as environmental protection projects,

they fulfil the special conditions for promotion via financial contributions:

- (a) Development of catchment basins in Maharashtra;
 - (b) Development of catchment basins in Karnataka II.
- (2) In the event that the aforementioned confirmation cannot be provided in respect of a project referred to in paragraph 1 above, the Government of the Federal Republic of Germany shall enable the Government of the Republic of India to obtain from the Kreditanstalt für Wiederaufbau a loan up to the amount of the envisaged financial contribution.
- (3) The projects referred to in paragraph 1 above may be replaced by other projects if the Government of the Federal Republic of Germany and the Government of the Republic of India so agree.
- (4) In the event that a project referred to in paragraph 1 above is replaced by a project relating to environmental protection, social infrastructure or a self-help-oriented measure for the eradication of poverty, which project fulfils the special prerequisites for promotion via financial contributions, a financial contribution may be granted; otherwise a loan may be made available.
- (5) This Agreement shall also apply if, at a later date, the Government of the Federal Republic of Germany enables the Government of the Republic of India to obtain from the Kreditanstalt für Wiederaufbau, Frankfurt/Main, loans or financial contributions for the preparation of the projects referred to in paragraph 1 above or further financial contributions

for attendant measures required for their implementation and support.

Article 4

- (1) The utilization of the amounts referred to in Article 1 of this Agreement and the terms and conditions on which they are made available, as well as the procedure for awarding contracts, shall be governed by the provisions of the agreements to be concluded between the recipients of the loans and financial contributions and the Kreditanstalt für Wiederaufbau, which agreements shall be subject to the laws and regulations applicable in the Federal Republic of Germany.
- (2) The sponsors of the projects referred to in Article 2 (1) (a) of this Agreement shall be free to avail themselves of the financing and guarantee facilities provided by the Industrial Development Bank of India. The Government of the Republic of India shall ensure that the said bank has, in each case, sufficient rupee funds available to cover the requirements of such projects.
- (3) The Government of the Republic of India, in so far as it is not itself the borrower, shall guarantee to the Kreditanstalt für Wiederaufbau all payments in Deutsche Mark to be made in fulfilment of the borrowers' liabilities under the agreements to be concluded pursuant to paragraph 1 above.

Article 5

The Government of the Republic of India shall exempt the Kreditanstalt für Wiederaufbau from all taxes and other public charges levied in India in connection with the conclusion and implementation

of the agreements referred to in Article 4 of the present Agreement.

Article 6

The Government of the Federal Republic of Germany and the Government of the Republic of India shall allow passengers and suppliers free choice of transport enterprises for such transportation by sea or air of persons and goods as results from the granting of the loans and financial contributions, abstain from taking any measures that might exclude or impair the participation on equal terms of transport enterprises having their place of business in the area of application of this Agreement, and grant any necessary permits for the participation of such enterprises.

Article 7

With regard to supplies and services resulting from the granting of the loans and financial contributions, the Government of the Federal Republic of Germany attaches particular importance to preferential use being made of the economic potential of Land Berlin.

Article 8

(1) The project "Bina coal-preparation plant" referred to in Article 2 (2) of the Agreement concluded between the two Governments on 3 June 1987¹ shall be replaced by the project "Uran combined gas-steam power plant". In all other respects the provisions of the aforementioned Agreement shall continue to apply.

¹United Nations, *Treaty Series*, vol. 1544, No. I-26785.

- (2) The project "Railway lifting cranes and rerailing equipment" referred to in Article 8 (1) of the Agreement concluded between the two Governments on 17 July 1986¹ shall be partially replaced by the project "Railway investment programme II". In all other respects the provisions of the aforementioned Agreement shall continue to apply.
- (3) The project "Singrauli super thermal power plant" referred to in Article 2 (2) of the Agreement concluded between the two Governments on 23 September 1981² shall be partially replaced by the project "Railway investment programme II". In all other respects the provisions of the aforementioned Agreement shall continue to apply.
- (4) The project "Kashipur sewage disposal" referred to in Article 2 (1) of the Agreement concluded between the two Governments on 16 January 1990³ shall be replaced by the project "Selected programmes of NABARD". In all other respects the provisions of the aforementioned Agreement shall continue to apply.

Article 9

This Agreement shall also apply to Land Berlin, provided that the Government of the Federal Republic of Germany does not make a contrary declaration to the Government of the Republic of India within three months of the date of entry into force of this Agreement.

¹ United Nations, *Treaty Series*, vol. 1486, No. I-25470.

² *Ibid.*, vol. 1865, No. I-31773.

³ *Ibid.*, vol. 1662, No. I-28598.

Article 10

This Agreement shall enter into force on the date of signature thereof.

DONE at New Delhi on July 13th, 1990
in duplicate in the German, Hindi and English languages, all three texts being authentic. In case of divergent interpretations of the German and Hindi texts, the English text shall prevail.

For the Government
of the Federal Republic of Germany:

*Konrad Seitz*¹

For the Government
of the Republic of India:

*Bimal Jalan*²

¹ Konrad Seitz.

² Bimal Jalan.

Annex to the Agreement of July 13th, 1990 between the Government of the Federal Republic of Germany and the Government of the Republic of India concerning Financial Cooperation in 1990

1. List of goods and services eligible for financing from the loan up to DM 78,200,000 (seventy-eight million two hundred thousand Deutsche Mark) under Article 2 (1) (d) of the above-mentioned Agreement:
 - (a) Industrial raw and auxiliary materials as well as semi-manufactures,
 - (b) industrial equipment as well as agricultural machinery and implements,
 - (c) spare parts and accessories of all kinds,
 - (d) chemical products, in particular fertilizers, plant protection agents, pesticides, medicaments,
 - (e) other industrial products of importance for the economic development of India,
 - (f) equipment and apparatus for scientific and technical civilian research institutes, as well as hospital supplies,
 - (g) advisory services, patents and licence fees.

2. Imports not included in the above list may only be financed with the prior approval of the Government of the Federal Republic of Germany.

 3. The importation of luxury and consumer goods for personal needs as well as any goods and facilities serving military purposes may not be financed from the loan.
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