

**AGREEMENT¹ BETWEEN THE GOVERNMENT
OF INDIA AND THE GOVERNMENT OF
THE UNION OF SOVIET SOCIALIST
REPUBLICS REGARDING ECONOMIC
AND TECHNICAL COOPERATION**
New Delhi, 10 December 1980

The Republic of INDIA

AND

The Union of SOVIET Socialist Republics,

Recalling the close and mutually beneficial cooperation between the two countries in diverse fields of industry, economy and commerce,

DESIROUS of strengthening this cooperation in the interest of the two peoples in the spirit of the Treaty² of Peace, Friendship and Cooperation between the Republic of India and the Union of Soviet Socialist Republics of August 9, 1971,

GUIDED by the Agreement³ on further development of economic and trade cooperation between the Republic of India and the Union of Soviet Socialist Republics of November 29, 1973,

STRIVING to further develop and strengthen economic and technical cooperation between the two countries and with a view to implementing the first stage of the long-term programme of Economic Trade and Scientific and Technical Cooperation between the Republic of India and the Union of Soviet Socialist Republics of March 14, 1979,

HAVE agreed as follows :

Article 1

Attaching great importance to the expansion of economic and technical cooperation in existing and new areas between the two countries, the Parties to this Agreement have agreed to cooperate in

1. Came into force on 10 December 1980.
2. IBTA Vol. 7 Doc. No. 434.
3. IBTA Vol. 7 Doc. No. 498.

- I. (a) Construction of an integrated thermal power plant of the capacity of 1000 MW (with possibility of expansion upto 3000 MW) together with stage wise construction of the Nigahi coal mine (at the Singrauli coal deposits) of the total capacity of 14 million tonnes of coal per annum, including 4.2 million tonnes in the first stage with two beneficiation plants and power transmission lines about 900 kms. long.
 - (b) Expansion of the Bhilai and Bokaro Steel Plants upto 5 and 5.5 million tonnes of steel per annum respectively through introduction of new technology and modernisation of equipment.
 - (c) Construction of Jhanjra coal mine of the capacity of 2.8 million tonnes of coal per annum (including the sinking of 2 shafts).
 - (d) Integrated development of the first stage (4 million tonnes) of the Mukunda open-cast mine of total capacity of 12 million tonnes per annum on the Jharia coal deposits including coal production, construction of coal washeries, captive thermal power plant of about 100 MW capacity and transmission line.
 - (e) Geological prospecting, for coal in mutually agreed area.
 - (f) Execution, in a mutually agreed promising on-shore area, of integrated work for oil and gas including geophysical exploration and drilling works, elaboration of basic technical concepts of development of the deposits and the installation of production facilities.
 - (g) Execution of works in order to increase oil production from idle and low productivity wells through repairs and introduction of modern methods of production.
 - (h) In the field of irrigation, the preparation of techno-economic feasibility study and the construction of an enterprise for the manufacture of pre-fabricated reinforced concrete structures for lining irrigation canals and the application of directional blasting techniques in the construction of canals.
- II. (a) Construction of an alumina plant in Andhra Pradesh of the capacity of 600,000 - 8,00,000 tonnes of alumina per annum.
 - (b) Construction of enterprises for the production of canned fruits and vegetables both in finished and semi-finished form.
 - (c) Construction of a phyto-chemical plant (and other

pharmaceutical plants) for the production of medicinal preparations.

Article 2

The Parties to the Agreement¹ shall continue to cooperate in the construction of the Vishakhapatnam steel plant as stipulated in the Indo-Soviet Agreement of June 12, 1979.

Article 3

The Government of the Republic of India and the Government of the Union of Soviet Socialist Republics, through their appropriate organisations, shall continue to develop production cooperation, in mutually agreed selected areas, in respect of Heavy Engineering Corporation, Ranchi, Mining and Allied Machinery Corporation, Durgapur, and Bharat Heavy Electricals, Hardwar.

Article 4

For the purpose of implementing the cooperation provided for in Article 1(I) of this Agreement, the Soviet organisations shall :

1. In case of request made by the Indian organisations, carry out design and survey work necessary for construction of projects in the volumes to be agreed upon by the concerned organisations of the Parties.
2. Deliver equipment, machinery, spare parts and materials of USSR manufacture that are not available in India.
3. Render assistance to the Indian organisations in :
 - selection of construction sites;
 - collection of initial data required for designing and in preparation by Indian organisations of memoranda of constructions for the enterprises and projects;
 - preparation of detailed project reports and working drawings within scope to be agreed between the relevant organisations of the Parties;
 - construction of those enterprises and projects by providing designer's supervision and consultation during construction;
 - erection adjustment and commissioning of the equipment. For these purposes Soviet specialists shall be deputed to India in numbers, specialities and for the periods and on terms and

1. IBTA Vol. 10 Doc. No. 700.

conditions to be agreed upon between the organisations of the Parties.

4. Work out and hand over to the Indian organisations schemes and programmes of industrial and technical training of Indian nationals with a view to training specialists and skilled workers required for operation of the enterprises and projects.
5. Depute Soviet specialist-instructors in numbers, for the periods and on the terms and conditions to be agreed upon with the Indian organisations for rendering assistance in the training of specialists and skilled workers in India for work at the enterprises and projects. This assistance shall be rendered both by way of training Indian nationals at the training centres set up with the aid of Soviet organisations and by training directly at the projects in the process of their construction.
6. Receive in the USSR the Indian specialists and skilled workers in numbers, by specialities and for the periods to be agreed by the organisations of the Parties to undergo industrial and technical training at the respective enterprises.
7. Hand over to the Indian organisations the drawings of equipment and articles provided for in the detailed project reports for production and description of technological processes in volumes and on the terms and conditions to be mutually agreed upon by the organisations of the Parties.

The technical documents to be submitted to the Indian side shall be used exclusively at the Indian enterprises and shall not be released to other countries without prior consent of the Soviet organisations thereto.

8. Upon commissioning of the projects, render technical assistance to the Indian organisations in reaching the designed capacities by means of deputing the Soviet specialist to India in numbers, by specialities, for the periods and on terms and conditions to be mutually agreed upon by the Parties.

Article 5

For the purpose of implementing the cooperation provided for in Article 1(I) of this Agreement, the Indian organisations shall :

1. In the event of design work being executed by the Soviet organisations furnish them with all necessary data and memoranda of instructions required for elaboration of the detailed project reports and working drawings for projects provided herein

and prepare the detailed project reports and working drawings of all installations located beyond the projects territory, including townships, access ways and other roads, power and water supply, sewerage, etc. necessary for normal operation.

2. Carry out construction and erection work at projects and procure all facilities and services for the said construction and erection in accordance with recommendations and technical requirements of the relevant Soviet organisations.
3. Purchase in third countries some equipment and materials not manufactured either in India or in the USSR as per specifications and in quantities to be agreed upon between relevant Indian and Soviet organisations.
4. In case of necessity for purchase licences for technological processes and equipment, about such cases the Soviet organisations shall inform the relevant Indian organisations in advance.

Article 6

The Indian and Soviet Parties, when implementing the present Agreement, shall promote the maximum possible participation of Indian organisations in the execution of designing works and in deliveries of equipment and materials for the construction of the enterprises, projects and works under the present Agreement. The volume of designing work and of supply of equipment to be carried out by the Indian and Soviet organisations will be determined in the relevant contracts.

Article 7

With a view to rendering economic assistance to India in the construction of projects and execution of works stipulated in Article 1(I) of this Agreement, the Government of the Union of Soviet Socialist Republics shall extend to the Government of the Republic of India a credit to the amount upto 520 (five hundred and twenty) million roubles at $2\frac{1}{2}$ % of annual interest. The said credit shall be used by the Government of India for payment of :

- design and survey work carried out by Soviet organisations as well as technical documents necessary for operation of projects provided hereof;
- equipment, machinery and materials, delivered from the USSR that are not procurable in India, CIF Indian ports when shipped

by Soviet ships and FOB Soviet ports when shipped by Indian ships. The prices for equipment, machinery and materials shall be established by the relevant Indian and Soviet organisations in the course of mutual negotiations of the contracts on the basis of world market prices;

- expenses incurred in connection with deputation of Soviet specialists to India for rendering technical assistance in all issues pertinent to implementation of the present Agreement apart from expenses within India to be paid in rupees by the Indian side;
- expenses incurred in connection with the upkeep of Indian citizens in the USSR sent for industrial and technical training at the respective Soviet enterprises.

Article 8

The Government of India shall repay the credit extended under this Agreement in accordance with the following procedure :

The amounts of the credit utilised for each project shall be repaid within seventeen years by equal annual instalments.

The first instalment shall be paid three years after the year of utilisation of the corresponding portion of the credit.

Interest on credit shall accrue from the date of utilisation of the corresponding portion of the credit and shall be paid within the first quarter of each year following the years of their accruing; the last instalment shall be paid simultaneously with the last payment of the principal debt.

The date of credit's utilisation shall be considered :

- (1) for payment of equipment, machinery and materials the 45th day from the date of the Bill of Lading;
- (2) for payment of design and survey work as well as expenses incurred in connection with deputation of the Soviet specialists to India and other expenses on account of the credit - the last day of each quarter within which these expenses were incurred.

Article 9

Repayment of the credit and payment of interest accrued shall be effected in Indian rupees to a special account opened with the

Reserve Bank of India, Bombay, in the name of the Bank for Foreign Trade of the USSR.

For this purpose, conversion of roubles into Indian rupees shall be effected in accordance with the Indo-Soviet Protocol¹ on the Establishment of the Exchange Rate between Rouble and Indian Rupee of November 25, 1978.

Amounts received at the said account can be utilised by the Soviet organisations for purchasing in India of the goods on the terms and conditions of the Indo-Soviet Trade Agreement in force and/or can be transferred in US Dollars.

Article 10

For records of utilisation and repayment of the credit, extended under this Agreement and payment of interest accrued on it the Ministry of Finance of India, on behalf of the Government of India and the Bank for Foreign Trade of the USSR, on behalf of the Government of the USSR, shall open special credit accounts in roubles and establish jointly a technical procedure for keeping the said accounts and settlement of accounts under the credit.

Article 11

The Government of India shall pay the Soviet Party expenses of Soviet organisations for upkeep of Soviet specialists in India in Indian rupees by crediting the respective amounts to the accounts of the Banks for Foreign Trade of the USSR with the Indian commercial banks as may be stipulated in the respective contracts.

Article 12

The payment of expenses borne by Soviet organisations for rendering assistance in the establishment of projects, mentioned in Article 1 (II) of the present Agreement shall be effected by products of these projects beginning from the date of commencement of production. Soviet organisations shall also purchase the products of these projects on a long-term basis after payment of above expenses on the terms and conditions of the Indo-Soviet Trade Agreement in force.

The terms and conditions of cooperation in the construction of projects, mentioned in Article 1(II) of this Agreement are subject to separate agreements between the two Governments.

Article 13

The Soviet organisations shall guarantee the following :

1. Doc. No. 680.

1. The detailed project reports prepared by them for the enterprises and projects which conform to the production capacities stipulated in the present Agreement or which may be determined by mutual Agreement;
2. Equipment supplied by Soviet organisations shall be in conformity with project reports for enterprises and projects provided for by this Agreement;
3. The performance of the plants, machinery and equipment will be in accordance with their stated capacity and efficiencies.

The periods of guarantees, the order of their fulfilment and other terms and conditions will be provided for in the contracts to be concluded separately in respect to each enterprise and project under the present Agreement.

Should the guarantee be not fulfilled in accordance with the accepted detailed project reports and the contract for the supply of the plants, machinery and equipment to the satisfaction of the Indian authorities, the Soviet organisations will undertake at their own expense to rectify the defects or to replace such plants, machinery or equipment as may be found unsatisfactory or alternatively will reimburse to the Indian authorities the cost of such rectification or replacement as the case may be.

Article 14

The Government of India shall ensure implementation by respective Indian organisations of all measures required for :

- (a) necessary recruitment and training of all technical personnel;
- (b) arranging supplies of raw materials, semifinished products, power and creation of other necessary conditions; and
- (c) marketing of finished products so that the projects built in accordance with this Agreement could be commissioned and reach the complete design capacities and other rates of production efficiency provided for in design documents in conformity with time limits agreed upon in each case.

Article 15

The conditions of execution obligations by the Soviet organisations hereunder shall be determined in relevant contracts to be concluded between the competent Indian and Soviet organisations.

Contracts for supply of equipment and materials as well as rendering some other kinds of technical assistance shall be concluded

ordinarily within a period of 3 months from the date of presenting by the Soviet organisations of relevant proposals.

Defined in the contracts shall be volumes, time-limits, prices and other detailed conditions of rendering technical assistance provided for herein to the Indian organisations. Besides, determined in the contracts shall be obligations of the Indian organisations on accommodating the Soviet specialists in premises with necessary public utilities, medical services, transportation means for business trips, as well as specific time limits for fulfilling these obligations.

Article 16

If the implementation of this Agreement shall be suspended for some period of time by wars, hostilities, embargo, blockades or any other cause beyond the control of any of the Parties, the representatives of the Government of India and the Government of the USSR shall immediately consult each other and agree upon measures to be taken. If such an agreement cannot be reached within an acceptable period of time, the Indian organisations may complete the designing and construction of projects and the execution of other works in the manner which may be considered necessary, but even in such a case the rights and obligations of the Parties arising from the present Agreement shall remain in force.

Article 17

In case of any dispute arising between the Indian Organisations and the Soviet Organisations on any matter proceeding from this Agreement and connected with its implementation, the representatives of the Government of India and the Government of the Union of Soviet Socialist Republics shall consult each other and make efforts to reach mutual settlement.

Article 18

This Agreement shall come into force on the date of its signing.

DONE in New Delhi, on the 10th December, 1980, in two original copies each in the Hindi, Russian and English languages, all the three texts being equally authentic, the English text being the operative one.

For the Republic of India

For the Union of Soviet
Socialist Republics

Sd/-
INDIRA GANDHI

Sd/-
L.I. BREZHNEV
