

**AGREEMENT¹ BETWEEN THE GOVERNMENT OF
INDIA AND THE GOVERNMENT OF THE UNION
OF SOVIET SOCIALIST REPUBLICS FOR
CO-OPERATION IN ESTABLISHING
INDUSTRIAL ENTERPRISES AND
OTHER PROJECTS
New Delhi, 21 February 1961**

The Government of India and the Government of the Union of Soviet Socialist Republics,

PROCEEDING from the friendly relations and close cooperation existing between India and the U.S.S.R., and

GUIDED by the mutual desire to further develop and strengthen economic cooperation,

HAVE entered into the present Agreement as follows :

Article I

The Government of the Union of Soviet Socialist Republics, meeting the wishes of the Government of India, shall extend to the Government of India a credit up to the amount of 112.5 million roubles (one rouble contains 0.987412 gram of fine gold) bearing an annual interest of 2.5 per cent, and shall provide under this credit the rendering of economic and technical assistance in establishment of industrial enterprises and other projects in India, in carrying out the work on exploration and production of oil and gas.

The enterprises and projects to be set up in cooperation between Indian authorities and Soviet organisations are indicated in Schedule 1 to this Agreement.

Article II

For the purpose of implementing the technical cooperation provided for in Article I of the present Agreement, the Soviet

1. Came into force on 21 February 1961.

organisations, at the request of the Indian authorities and by the dates to be mutually agreed upon, shall :

1. Prepare the detailed project reports and working drawings required for establishing the enterprises and projects;

The contents and the scope of the said detailed project reports are stipulated in Schedule 2 of the present Agreement;

2. Deliver for the enterprises and projects, in quantities to be mutually agreed upon, equipment, machinery, spare parts and other materials not available in India:

3. Render technical assistance:

- (a) in selecting construction sites;
- (b) in collecting the initial data necessary for designing and in the preparation by the Indian authorities of memoranda of instructions for preparing the detailed project reports for the enterprises and projects;
- (c) in establishing these enterprises and projects by exercising designer's supervision;
- (d) in the erection (supervision of erection); and
- (e) in tuning up and putting into operation the equipment delivered from the U.S.S.R.

For these purposes Soviet specialists will be deputed to India in numbers, and of professions and qualifications and for the periods and on the terms and conditions to be mutually agreed upon;

4. Prepare and hand over to the Indian authorities the schemes and plans for shop-floor training of Indian nationals having in view the object of training the specialists and skilled workers necessary for operation of the enterprises and projects; the types of training as well as the number of specialists and skilled workers to be trained for each enterprise and project will be indicated in these plans and schemes;
5. Depute to India, on terms and conditions to be mutually agreed upon, Soviet specialists as consultants in connection with the establishment of the enterprises and projects as well as specialists—instructors in numbers and for periods and on terms and conditions to be mutually agreed upon for the purpose of rendering assistance to the Indian authorities in training in India of specialists and skilled workers required for the operation of the enterprises and projects;

6. Receive, in numbers and on the terms and conditions to be mutually agreed upon, Indian specialists and skilled workers for the shop-floor training at the enterprises of corresponding types in the U.S.S.R. as well as receive Indian specialists for participation in the designing of the enterprises and projects at corresponding Soviet designing organisations;
7. Handover to the corresponding Indian authorities, in volumes and on the terms and conditions to be mutually agreed upon, drawings and description of the technological processes for the manufacture of the equipment and articles at the enterprises as indicated in the detailed project reports;

The licences and technical documents to be handed over to the Indian authorities shall be used exclusively at the enterprises in India and shall not be transferred to any other country; deviations from this provision may be made with the consent of the Soviet Party in each separate case;

8. On putting the enterprises and projects into operation, render technical assistance to the Indian authorities in reaching the designated capacities by deputing Soviet specialists to India in numbers, and of professions and qualifications as well as for the periods and on the terms and conditions to be mutually agreed upon.

Article III

In pursuance of the cooperation referred to in Article I of the present Agreement, the Indian authorities shall, where appropriate :

1. Handover to the Soviet organisations, by the dates to be mutually agreed upon, the initial data and memoranda of instructions necessary for preparing the detailed project reports for the enterprises and projects as stipulated in clause 1 of Article II of the present Agreement;
2. Undertake the preparation of the detailed project reports and working drawings for townships, approach and other roads, transport facilities, power and water supply, sewerage and other installations situated out-side the boundaries of the enterprises and projects which are required for their normal operation. Data for these installations will be prepared in mutual consultation between the parties, since these installations will not be included in the detailed project reports to be prepared by the Soviet organisations;

3. Prepare the detailed project reports and working drawings for such units situated within the boundaries of the enterprises and projects as may be mutually agreed upon. It is understood hereby that the Indian authorities shall be responsible for ensuring that the working drawings prepared by them comply with the requirements of the detailed project reports of the enterprises and projects;
4. Ensure the consideration of and decision on the detailed project reports of the enterprises and projects within the periods to be mutually agreed upon;
5. Be responsible for the execution within the period to be mutually agreed upon of all the construction and erection works involved in establishing the enterprises and projects, for providing at the construction sites the necessary building and other materials, power and water supply as well as for the construction in due time of necessary approach and other roads, stations, railway tracks (main and sidings) and all other installations situated outside the boundaries of the enterprises and projects.

Article IV

The credit availed of in conformity with the present Agreement shall be utilised in payment for:

- designing and survey work to be carried out by the Soviet organisations;
- deliveries from the U.S.S.R. of equipment, machinery and materials which are not available in India, c.i.f. Indian ports if carried by Soviet ships and f.o.b. Soviet ports if carried by Indian ships. The prices for the equipment, machinery and materials shall be fixed on the basis of the world market prices;
- expenses connected with deputation of Soviet specialists to India for rendering technical assistance in all matters connected with the implementation of the present Agreement except for the expenses within the territory of India to be reimbursed in Indian rupees by the Indian party.

In case of any change in the gold parity of the rouble mentioned in the present Agreement, the amounts of the credit evaluated in roubles (utilised and unutilised parts of the credit, remaining unpaid part of the principal as well as accrued but unpaid interest) shall be recalculated in proportion to this change so as to keep the gold equivalent of the credit unchanged.

Article V

The dates of supply of equipment and materials and, in this connection, the dates for rendering technical assistance by Soviet specialists in the establishment of the enterprises and projects as well as the periods of training Indian specialists and skilled workers at Soviet enterprises and projects and consequently the dates of use of the credit mentioned in Article I of the present Agreement, can be prolonged by mutual agreement between the Parties.

Upon the completion of the detailed project reports wherever necessary of the enterprises and projects, the Parties shall estimate, on the basis of these project reports, the amount of expenditure of the Soviet organisations on the technical assistance for the establishment of the enterprises and projects and the execution of works provided under the present Agreement. If such amount is less than 112,500,000 roubles, the two Governments shall further consider the question of cooperation in establishing some more enterprises or projects, other than the enterprises and projects listed in Schedule 1 within the limits of the free balance of the credit. If the aforesaid expenditures exceed the amount of 112,500,000 roubles, the excess amount shall be repaid by the Indian Party through the export of Indian goods to the U.S.S.R., in accordance with a programme to be mutually agreed upon between the Parties from time to time, in conformity with the Indo-Soviet Trade Agreement in force.

Article VI

The Government of India shall repay the amounts of the credit utilised for each enterprise or project within 12 years in equal annual instalments. The first instalment for the repayment of this credit shall be paid one year after the completion of deliveries for each corresponding enterprise of the equipment, machinery and materials required for putting into operation these enterprises and stipulated under relevant contracts to be delivered from the U.S.S.R.

The first instalment for the repayment of the amounts of the credit utilized for rendering technical assistance which is not connected with the construction of enterprises shall be paid from the date of completion of the above mentioned technical assistance work in respect of each project.

The interest on the credit shall accrue from the date of utilisation of corresponding part of the credit and shall be paid during the first three months of each year following the year for which it has accrued. The last payment shall be effected simultaneously with the last instalment for the payment of the principal.

The date of utilization of credit for paying for the equipment, machinery and materials shall be deemed to be the 30th day from the date of the Bill of Landing and for reimbursement for the designing and survey work, the expenses connected with deputation of Soviet specialists to India and for other expenses to be covered by the credit—the last day of each three-month period within which these expenses are incurred.

The Government of India has the right to repay the principal and pay the interest accrued thereon in advance of the due date.

Article VII

Repayments of the credit and payments of the interest accrued thereon shall be made in Indian Rupees (one rupee contains 0.186621 gram of fine gold) to a separate account to be opened with the Reserve Bank of India in the name of State Bank of the U.S.S.R. The recalculation of roubles into rupees shall be effected on the basis of the above mentioned gold parities of the rouble and the rupee.

The amounts transferred to the aforesaid account may be used by the Soviet organisations for purchases in India of goods on the terms and conditions of the Indo-Soviet Trade Agreement in force and/or may be freely converted into pounds sterling.

If the parity of the Indian Rupee in terms of gold mentioned above changes, the balance in the account specified in this Article with the Reserve Bank of India shall be revalued proportionately to the changes which may take place.

Article VIII

With a view to keeping a record of the utilization and repayment of the credit and payment of the interest accrued thereon the Ministry of Finance of India, on behalf of the Government of India, and the State Bank of the U.S.S.R., on behalf of the Government of the U.S.S.R., shall keep special credit accounts and shall mutually establish a technical procedure for keeping these accounts and settlements of the credit.

Article IX

The Government of India shall reimburse to the Soviet Party the expenses incurred by the Soviet organisations for maintenance of Soviet specialists in India in Indian Rupees by crediting relevant amounts to the separate account stipulated in Article VII of this Agreement.

Article X

The Soviet organisations will guarantee:

1. The detailed project reports for the enterprises and projects will conform to the production capacities stipulated in the present Agreement or which may be determined by mutual agreement;
2. The plants, machinery and equipment supplied from the U.S.S.R. will be in conformity with the above detailed project reports;
3. The performance of the plants, machinery and equipment will be in accordance with their stated capacities 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 contracts 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 plant, 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 XI

The terms and conditions of the fulfilment of the obligations of the Soviet organisations under the present Agreement, in respect of each enterprise or project will be separately defined in the relevant contracts to be entered into or by exchange of letters between the Indian authorities and the Soviet organisations as may be agreed upon.

It is understood that the contracts for the deliveries of the plants, machinery and equipment for each of the enterprises or projects shall be concluded within four months from the date of submission of corresponding quotations by the Soviet organisations.

The Soviet organisations may collaborate in the carrying out of designing work, the supply of equipment and the implementation of other forms of technical cooperation for which the Soviet side is responsible with corresponding organisations in third countries but in case any question of deputing to India of specialists from these

countries arises, the Soviet organisations will obtain the concurrence of the Indian authorities in advance.

Article XII

Indian authorities and Soviet organisations shall provide each other all the information and assistance which may reasonably be required by either Party in relation to the present Agreement and shall, in particular, furnish to each other progress reports and other information as may be required in respect of the programme of work of establishing the enterprises and projects as well as any other matter connected therewith.

Article XIII

The Government of India and the Government of the U.S.S.R. after signing the present Agreement shall inform each other within the shortest possible time as to what Indian authorities and Soviet organisations respectively will be authorised for implementation of the present Agreement. It is understood that the said Governments may authorise one or more authorities or organisations for each enterprise or project.

In case it is subsequently necessary to substitute the authorities or organisations for the implementation of the present Agreement, such a substitution may be effected.

The Government of India and the Government of the U.S.S.R. reserve the right to transfer any or all rights and liabilities arising from the present Agreement to such Indian authorities and Soviet organisations as the respective Governments may consider necessary for each enterprise or project.

Article XIV

If the performance of the present Agreement is interfered with for any length of time by wars, enemy action, embargoes, blockades or any other cause beyond the control of either Party, the representatives of the Government of India and the Government of the U.S.S.R. shall immediately consult with each other and coordinate measures to be taken, and if such an agreement cannot be reached within an acceptable period of time, the Indian authorities may complete the designing and the establishment of the enterprises and projects in such a manner as may be deemed necessary; but, even in such a case the rights and liabilities of the Parties arising under the present Agreement till then shall remain in force.

Article XV

In case any difference arises between the Indian authorities and Soviet organisations with regard to any matter arising out of the present Agreement or connected with its implementation, representatives of the Government of India and the Government of the U.S.S.R. shall immediately consult with each other and endeavour to arrive at a mutual agreement on the said difference.

Article XVI

All correspondence relating to matters connected with the implementation of the present Agreement shall be in English.

This Agreement shall come into force on the day of its signature.

DONE in New Delhi on the 21st day of February, 1961 in two original copies each in the Hindi, Russian and English languages, all the three texts being equally authentic and the English text being the operative one.

On behalf of the
Government of India

On behalf of the Government
of the Union of Soviet
Socialist Republics

Sd/-

L.K. JHA

Sd/-

S.A. SKACHKOV

SCHEDULE 1

1. Hydro-electric Power Station on the right Bank of Bhakra with a total capacity of 480,000 KW with establishing of 4 complete units of Hydro-generators with a capacity of 120,000 KW each.
 2. Oil Refinery in Gujarat with a capacity of refining 2 million tons of crude oil per year (Fuel Scheme) together with a Thermal Power Plant for the Refinery.
 3. Washery for Coking Coal with a capacity of 3 million tons of coal per year at Kathara.
 4. Refractories Plant for production of about 125,000 tons of magnesite and fire-clay products per year.
 5. Exploration, development and production of oil and gas by the Oil and Natural Gas Commission in Cambay, Ankleshwar and in other areas.
 6. Production of Pumps and Compressors—Preparation of techno-economic report.
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SCHEDULE 2

1. The detailed project reports will be prepared in such details as will be sufficient :
to determine and assess all the main technical and economic data for each of the enterprises and projects as a whole and for the shops and erections in each of them;
to justify the technical decisions arrived at in the detailed project reports;
to order main equipment; and
to prepare working drawings in the subsequent stages.
2. The detailed project reports will also contain:
explanatory notes, calculations and drawings on the following divisions—
technological, architectural and civil engineering, power and water supply, sanitary engineering, transport, economics, and general layouts of the enterprises and projects, as well as summary statement on the preliminary estimates and quantities of civil engineering and erection works, summary statement of the main building and structural materials with estimates of the cost in Indian Rupees and summary of equipment recommended in the project reports with essential technical characteristics and with indication of preliminary total cost of equipment in Indian Rupees;
recommendation on the order of priority of construction and erection of equipment;
data on the cost of the whole enterprise or project and cost price of its production calculated on the basis of consolidated indices; and
data as detailed as possible on the cost in Indian Rupees of all services to be rendered by the Soviet organisations in the U.S.S.R. and in India as well as data on approximate strengths of the personnel to be engaged in rendering the services.

Note : The detailed project reports will be submitted in English and will adopt the metric system.

PROTOCOL**PROTOCOL¹ TO THE AGREEMENT OF 21 FEBRUARY 1961 FOR THE
ESTABLISHMENT OF THE SECOND INSTRUMENTS PLANT
NEW DELHI, 25 MAY 1963**

The Government of India and the Government of the Union of Soviet Socialist Republics desiring to further promote the friendly relations and to develop the economic co-operation between India and the USSR, and

RECALLING the provisions of Article V of the Indo-Soviet Agreement² of the 9th November, 1957,

HAVE agreed as follows:

Article I

The Government of the Union of Soviet Socialist Republics, complying with the desire of the Government of India, shall provide

1. Came into force on 25 May 1963..

2. IBTA Vol. 2, Doc. No. 153.

the rendering of economic and technical assistance to India in the establishment of the second Instruments Plant.

Article II

The economic and technical assistance provided for in Article I of this Protocol shall be rendered to the Indian organisations in conformity with the provisions of the Indo-Soviet Agreement of the 21st February, 1961, the technical assistance being financed for account of the balance of the credit, extended to the Government of India under the Indo-Soviet Agreement of the 9th November, 1957.

If the balance of the said credit is not sufficient for financing the technical assistance in the establishment of the second Instruments Plant, the excess amount shall be settled by the Indian Party under the Indo-Soviet Trade Agreement.

Article III

The competent Indian and Soviet organisations shall enter into contracts stipulating terms and conditions of fulfilment of the obligations of the Soviet organisations for rendering technical assistance, stipulated in the present Protocol.

Article IV

The present Protocol shall come into force from the date of its signature.

DONE in New Delhi, on the 25th May, 1963, in two original copies, each in the Hindi, Russian and English languages, the Hindi and Russian texts being equally authentic and the English text being the operative one.

On behalf of
the Government of India

On behalf of
the Government of the
Union of Soviet Socialist
Republics

Sd./-

K.S. SUNDARA RAJAN

Sd./-

B.S. ROMANOV

PROTOCOL**PROTOCOL¹ TO THE AGREEMENT OF 21 FEBRUARY 1961 FOR ASSISTANCE
IN THE EXPANSION OF THE OIL REFINERIES, NEW DELHI, 25 MAY 1963**

The Government of India and the Government of the Union of Soviet Socialist Republics,

DESIRING to further promote and expand the economic co-operation between India and the USSR,

HAVE agreed as follows:

Article I

The Government of the Union of the Soviet Socialist Republics, complying with the desire of the Government of India, shall provide the rendering of economic and technical assistance to India in the expansion of:

- Oil Refinery in Barauni (Bihar State), stipulated in the Indo-Soviet Agreement of the 28th September, 1959 read with the modifications stated in the letters exchanged by the Parties on the 31st May, 1961—from 2 to 3 million tons of crude oil per annum, and
- Oil Refinery at Koyali (Gujarat State), stipulated in the Indo-Soviet Agreement of the 21st February, 1961—from 2 to 3 million tons of crude oil per annum.

It is understood that the supplies of equipment and materials for the expansion of the said Refineries will be effected by the Soviet organizations starting from 1964.

Article II

The technical assistance stipulated in Article I of the present Protocol shall be rendered to the Indian organizations in conformity with the provisions of the aforesaid Indo-Soviet Agreements of the 28th September, 1959, and the 21st February, 1961 respectively and for account of the credit extended to the Government of India under the Indo-Soviet Agreement of the 21st February, 1961.

Article III

The competent Indian and Soviet organizations shall enter into contracts stipulating terms and conditions of fulfilment of the

1. Came into force on 25 May 1963.

obligations of the Soviet organizations for rendering technical assistance stipulated in the present Protocol.

Article IV

The present Protocol shall come into force from the date of its signature.

DONE in New Delhi, on the 25th May, 1963, in two original copies, each in the Hindi, Russian and English languages, the Hindi and Russian texts being equally authentic and the English text being the operative one.

On behalf of
the Government of India

On behalf of
the Government of the Union
of Soviet Socialist Republics

Sd/-

K. S. SUNDARA RAJAN

Sd/-

B.S. ROMANOV

PROTOCOL

**PROTOCOL¹ REGARDING ESTABLISHMENT OF THE COMPRESSORS
AND PUMPS PLANT, MOSCOW, 28 MARCH 1964**

The Government of India and the Government of the Union of Soviet Socialist Republics,

DESIROUS of further promotion of friendly relations and development of economic cooperation between India and the U.S.S.R.,

HAVE agreed upon the following :

Article 1

The Government of the Union of Soviet Socialist Republics meeting the wishes of the Government of India shall provide for the economic and technical assistance to India in the establishment of the Compressors & Pumps Plant with a 16000 tons annual capacity of

1. Came into force on 28 March 1964.

manufactured items and the Steel Castings Works of a capacity of 10000 tons castings per year.

The make-up of the Plants and the range of manufactured items to be produced shall be specified by the Detailed Project Reports prepared by the Soviet organizations.

Article 2

The economic and technical assistance stipulated in Article I of the present Protocol shall be rendered to the Indian organisations out of the credit and on the terms and conditions of the India-Soviet Agreement of February 21, 1961.

Article 3

The competent Indian and Soviet organizations shall enter into contracts defining the dates and other terms and conditions of executing the obligations of Soviet organizations in rendering the technical assistance provided for by the present Protocol.

Article 4

The present Protocol shall enter into force on the date of its signature.

DONE in Moscow this 28th day of March, 1964, in two original copies, each in the English and the Russian languages, both the English and the Russian texts being equally authentic.

On behalf of the
Government of India

On behalf of the
Government of the Union of Soviet
Socialist Republics

Sd/-

R. JAIPAL

Sd/-

V.A. SERGEEV
