

INVESTMENT INCENTIVE AGREEMENT
BETWEEN
THE GOVERNMENT OF INDIA
AND
THE GOVERNMENT OF THE UNITED STATES OF AMERICA

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UNITED STATES OF AMERICA;

Affirming their common desire to encourage economic activities in India that promote the development of the economic resources and productive capacities of India; and

Recognizing that this objective can be promoted through investment support provided by the Overseas Private Investment Corporation ("OPIC"), a development institution and an agency of the United States of America, in the form of investment insurance and reinsurance, debt and equity investments and investment guarantees;

Have agreed as follows:

ARTICLE 1

As used in this Agreement, the following terms have the meanings herein provided.

(a) "Investment Support " refers to any debt or equity investment, any investment guarantee and any investment insurance or reinsurance which is provided by the Issuer in connection with a project in the territory of India.

(b) "Issuer" refers to OPIC and any successor agency of the United States of America, and any agent of either.

(c) "Investment Insurance" means insurance against any or all of the following risks:

(i) inability to convert into United States dollars other currencies, or credits in such currencies, received as earnings or profits from projects, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof;

(ii) loss of investment, in whole or in part, in a project due to expropriation or confiscation by action of the Government of India;

(iii) loss due to war, revolution, insurrection or civil strife; and

(iv) loss due to business interruption caused by any of the risks set forth in sub paragraphs (i), (ii) and (iii) above.

ARTICLE 2

If under the laws of India the making of a loan, equity investment, or other form of investment requires an approval of the Reserve Bank of India, the Foreign Investment Promotion Board, the Ministry of Finance, or the Ministry of Industry, or such other agency of the Government of India as may be specified by the Government of India by notice to the Issuer, the provisions set forth in this Agreement with respect to Investment Support for or constituting such loan, equity investment or other form of investment shall apply only if such approval has been issued.

ARTICLE 3

(a) The activities of the Issuer shall not be subject to regulation under the laws of India with respect to investment insurance or reinsurance extended outside of India to US investors, including entities domiciled in third countries having not less than 95% US ownership, or with respect to reinsurance extended to non-US entities not domiciled in India.

(b) If the Issuer makes a payment to any person or entity, as Issuer of Investment Insurance or an investment guarantee in connection with any Investment Support, the Government of India shall recognise in connection with any dispute contemplated under the provisions of Article 6(c) hereof the transfer to the Issuer in connection with such payment of the right to exercise the rights and assert the claims of such person or entity.

(c) With respect to any interests transferred to the Issuer or any interests to which the Issuer succeeds under this Article, the Issuer shall assert no greater rights than those of the person or entity from whom such interests were received, without prejudice to any other rights that the two parties may have in their sovereign capacities.

ARTICLE 4

(a) Amounts in the currency of India, including cash, accounts, credits, instruments or otherwise, acquired by the Issuer upon making a payment, or upon the exercise of its rights as a creditor, in connection with any Investment Support provided by the Issuer for a project in India ("Local Currency"), shall be freely convertible into dollars and transferable to the United States at the prevailing market rate of exchange on the date of conversion.

(b) Local Currency may be transferred or loaned by the issuer to, or invested by the Issuer in, any person or entity in accordance with relevant laws and regulations in force in the territory of India.

(c) Local Currency shall be freely available to the Government of the United States of America for administrative expenditures.

ARTICLE 5

Provisions equivalent to those of this Agreement shall apply with respect to investment support by the Export Credit Guarantee Corporation Limited or any other agency designated by the Government of India for investments in the United States under a program similar in substance to the investment incentive program to which this Agreement relates, upon completion of any constitutional or other legal processes of either Government that may be required and an exchange of notes to be made at the initiative of either Government.

ARTICLE 6

(a) Any dispute between the Government of the United States of America and the Government of India regarding the interpretation of this Agreement shall be resolved, in so far as possible, through negotiations between the two Governments. If, six months following a request for negotiations hereunder, the two Governments have not resolved the dispute, the dispute, including the question of whether such dispute presents a question of international law, shall be submitted, at the initiative of either Government, to an arbitral tribunal for resolution in accordance with paragraph (b) of this Article.

(b) The arbitral tribunal referred to in paragraph (a) of this Article shall be established and shall function as follows:

(i) Each Government shall appoint one arbitrator. These two arbitrators shall by agreement designate a president of the tribunal who shall be a citizen of a third state and whose appointment shall be subject to acceptance by the two Governments. The arbitrators shall be appointed within three months, and the president within six months, of the date of receipt of either Government's request for arbitration. If the appointments are not made within the foregoing time limits, either Government may, in the absence of any other agreement, request the Secretary-General of the Permanent Court of Arbitration in the Hague to make the necessary appointment or appointments. Both Governments hereby agree to accept such appointment or appointments.

(ii) Decisions of the arbitral tribunal shall be made by majority vote and shall be based on the applicable principles and rules of international law. Its decision shall be final and binding on the parties. The arbitral tribunal shall state the basis for its decision and give reasons therefor upon the request of either Government.

(iii) During the proceedings, each Government shall bear the expense of its arbitrator and of its representation in the proceedings before the tribunal, whereas the expenses of the president and other costs of the arbitration shall be paid in equal parts by the two Governments. In its award, the arbitral tribunal may reallocate expenses and costs between the two Governments.

(iv) In all other matters, the arbitral tribunal shall determine its own procedures.

(c) The above procedure for negotiation and arbitration will also apply in respect of claims of the Issuer in connection with acts attributable to the Government of India which involve questions of liability under public international law.

ARTICLE 7

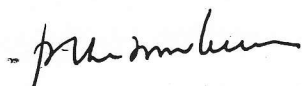
(a) This Agreement shall enter into force on the date on which the Government of India notifies the Government of the United States of America that all legal requirements for entry into force of this Agreement have been fulfilled. Upon so entering into force, this agreement shall replace and supersede the agreement between the United States of America and India on the Guarantee of Private Investments effected by exchange of notes signed at Washington on September 19, 1957 as supplemented by exchanges of notes signed at Washington on December 7, 1959 and at New Delhi on February 2, 1966 (the "Prior Agreement"), and any matter relating to Investment Support or otherwise pending under such agreement shall be treated or disposed of under the terms of this Agreement, except any matters relating to Investment Support as to which, prior to the entry into force of this Agreement, disputes have been raised between the two Governments under the terms of the Prior Agreement, which disputes shall be treated or disposed of under the Prior Agreement.

(b) This Agreement shall continue in force until six months from the date of receipt of a note by which one Government informs the other of an intent to terminate this Agreement. In such event, the provisions of this Agreement shall, with respect to Investment Support provided while this Agreement was in

force, remain in force so long as such Investment Support remains outstanding, but in no case longer than twenty years after the termination of this Agreement.

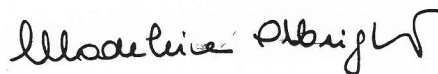
IN WITNESS WHEREOF, the undersigned, duly authorized by their respective Governments, have signed this Agreement.

DONE at New Delhi on the 19th day of November, 1997 in two originals, each in the English and Hindi languages, both texts being equally authentic. In the case of any divergence between the texts, the English text shall prevail.



FOR THE GOVERNMENT OF

INDIA



FOR THE GOVERNMENT OF THE

UNITED STATES OF AMERICA