

January 25, 1965

AGREEMENT BETWEEN THE GOVERNMENT OF INDIA AND THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS FOR CO-OPERATION IN THE CONSTRUCTION OF AN IRON AND STEEL WORKS AT BOKARO

New Delhi

The Government of India and the Government of the Union of Soviet Socialist Republics, PROCEEDING from the relations of friendship and close co-operation existing between India and the USSR, and GUIDED by mutual desire for further developing and strengthening economic and technical co-operation, HAVE concluded the present Agreement on the following :

Article 1

The Government of India and the Government of the Union of Soviet Socialist Republics will co-operate in the construction of an Iron and Steel Works at Bokaro with a capacity of 1.5 to 2 million tonnes of steel per year with provision for expansion of the capacity of the works to 4 million tonnes of steel per year. A list of the main shops and departments of the Works is given in Annexure I to the present Agreement.

With this in view, the Government of the Union of Soviet Socialist Republic shall extend to the Government of India a credit up to 190 million Roubles bearing 2.5% interest per annum and out of this credit shall render technical assistance to India for the construction of the said Iron and Steel Works.

Article 2

For the purpose of rendering the technical assistance stipulated in Article 1 of the present Agreement,

the Soviet organization shall :

1. Prepare the detailed Project Report for the construction of the Works within nine months from the date of the signing of the contract for the execution of the designing work. The scope of the detailed Project Report is given in Annexure II to the present Agreement.
2. Prepare the working drawings for the construction of the Works within the scope and the time to be determined by the Soviet and Indian organizations. The organizations of the parties shall, within two months from the date of the acceptance of the detailed Project Report by the Indian party, agree upon a division list of the working drawings to be done by the Indian and Soviet organizations.

It is understood that . the detailed Project Report shall be prepared for the Works with a capacity of 4 million tonnes of steel per year and the working drawings shall be prepared for the complex of shops and units for production of 1.5 to 2 million tonnes of steel per year.

The technical documents handed over by the Soviet organizations to the Indian organizations shall be used by the latter exclusively at enterprises in India. Such documents shall not be transferred to any foreign physical or juridical entities without prior consent of the Soviet organizations thereto.

3. Deliver to India during 1966-69 the equipment and materials which are not available in India.
4. Render assistance to the Indian organizations in :
 - I. the construction of the Works by carrying out;
 - II. the designers' supervision and by providing the advisory services during construction;
 - III. the erection, adjustment and commissioning of the equipment.For these purposes, Soviet specialists shall be deputed to India in number, specialities, for the periods and on the terms and conditions to be agreed upon between the organizations of both parties.

5. Recommend to the Indian organizations schemes and programmes of industrial and technical training of Indian nationals with the view of training specialists and skilled workers required for the operation of the said Works.
6. Depute Soviet specialist-instructors, in number and for periods to be agreed upon with the Indian organizations, for rendering assistance in the training of specialists and skilled workers in India for the operation of the Works.
7. Receive in the USSR India specialists and skilled workers, in number, specialities and for periods to be agreed upon between the organizations of both parties, for industrial and technical training at the appropriate enterprises.

Article 3

For the purpose of implementation of the co-operation mentioned in Article 1 of the present Agreement, the Indian Party shall :

1. Furnish to the Soviet organizations all the initial data required for the designing of the Works on the site selected by the Indian Party.

2. Consider the detailed Project Report of the Works within two months from the date of its submission by the Soviet organizations and approve it with such modifications, if any, as may be agreed upon between the parties.
3. Prepare reports on and working drawings for all the facilities located outside the Iron and Steel Works site, which are necessary for its normal operation, e.g. the townships, power and water supply, ore mines and quarries, the ropeways for the transport of coal, sewerage system, marshalling yards, etc..
The data for these outside facilities shall be prepared by means of mutual consultations between the two parties to the extent necessary. For these purposes, the Soviet organizations shall, at the request of the Indian organizations, depute Soviet specialists to India on such terms and conditions as may be agreed upon by the organizations of the two parties.
4. Ensure preparation by the Indian organizations of the working drawings of various units located within the boundary of the Iron and Steel Works, the list of these units being agreed upon between the Indian and the Soviet organizations. The Indian Party will be responsible for the conformity of the working drawings of such units prepared by the Indian organizations to the requirements of the detailed Project Report.
5. Purchase in third countries, as may be agreed upon between the parties, some equipment and materials which are not manufactured in India and in the USSR.
6. Execute all the construction and erection work necessary and provide, all facilities and services for such construction and erection in accordance with the recommendations, advice and requirements of the Soviet organizations concerned.
7. Purchase licences for technological processes and equipment, wherever necessary.

Article 4

The Indian and Soviet Parties shall promote maximum possible participation of the Indian organizations in carrying out the designing work and in the supply of equipment and materials for the construction of the Works.

Article 5

For the purpose of establishing direct contact with the administration of the Works under construction and for prompt and effective solution of all the problems which may arise, the Soviet organizations shall set up a Representation of the supplier in the construction area of the Works.

Article 6

The Soviet organizations shall, at the request of the Indian Government, render assistance to the Indian organizations in attaining the designed capacities and operation of the said Iron and Steel Works by deputing Soviet specialists, delivering spare parts and necessary materials on terms and conditions to be additionally agreed upon between the two parties.

Article 7

The credit to the amount upto 190 million roubles envisaged in Article 1 of the present Agreement (one Rouble contains 0.987412 grams of fine gold) shall be used by the Government of India starting from the 1st January, 1966 in payment for :

1. the designing work carried out by the Soviet organizations;

2. the equipment and materials which are not available in India and delivered from the USSR c.i.f. Indian ports when carried by Soviet ships and f.o.b. Soviet ports when carried by Indian ships, Prices for the equipment and materials shall be fixed on the basis of the world market prices;
3. the expenses connected with deputing Soviet specialists to India for rendering technical assistance in the establishment of the Works envisaged by the present Agreement, except for expenses within the territory of India which will be reimbursed by the Indian party in rupees; - the expenses connected with the stay in the USSR of the Indian nationals sent for technical and industrial training at the corresponding enterprises in the USSR.

Should the costs of the supplies and services of the Soviet organizations for rendering technical assistance in the establishment of the Works envisaged in Article 1 of the present Agreement exceed the amount of the said credit, the amount of such excess shall be repaid by the Indian party by the deliveries of Indian goods to the USSR on the terms and conditions of the Indo-Soviet Trade Agreement in force. The nomenclature and quantity of such goods shall from time to time be agreed upon between the parties.

In case of any change of the gold parity of Rouble indicated in the present Agreement, the sums of the credit evaluated in Roubles (the utilized and unutilized part of the credit, balance of arrears on the principal and on the interest accrued thereon but not yet paid) shall be recalculated in accordance with such change. Reimbursement of the expenses of the Soviet organizations connected with rendering all kinds of technical assistance to the Indian organizations within the period up to January 1st, 1966, shall be effected by the Indian Party in accordance with the Indo-Soviet Trade Agreement in force.

Article 8

The Government of India shall each calendar year repay utilized parts of the credit extended under the present Agreement during 12 subsequent years in equal annual instalments paid up to or on October 15th of each year starting from the year following the year during which the corresponding part of the credit has been utilized.

Interest on the credit shall accrue from the date on which the corresponding part of the credit has been utilized and shall be paid during the first three months of each year following the year during which it accrued, the final payment being effected simultaneously with the final payment of the principal.

The date of the utilization of the credit for making payments for the equipment and materials shall be considered the thirtieth day from the date of the Bill of Lading and for the expenses incurred in connection with deputing Soviet specialists to India and other expenses to be covered from the credit - the last day of each three month period during which these expenses were incurred.

The Government of India has the right to repay the principal and pay the interest on the credit ahead of the due date of payment.

Article 9

Repayments of the credit and payment of the interest accrued thereon shall be effected in Indian Rupees (one Indian Rupee contains 0.186621 grams of fine gold) to a special account to be opened with the Reserve Bank of India, Bombay, in favour of the Bank for Foreign Trade of the U.S.S.R.

Conversion of Roubles into Rupees shall be effected on the basis of the above mentioned gold content of Rouble and Rupee.

The amount credited to the said account may be used by the Soviet organizations for purchasing the goods in India in accordance with the Indo-Soviet Trade Agreement in force and/or may be freely converted into pounds sterling.

In case of any change of the gold parity of Indian Rupee, which at present contains 0.186621 grams of fine gold, the Ministry of Finance of India and the Bank for Foreign Trade of the USSR shall recalculate the balance of the special account in proportion to such change.

Article 10

For the purpose of keeping records of the utilization and repayment of the credit extended under the present Agreement 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 USSR on behalf of the Government of the USSR shall keep special credit accounts and shall jointly establish the technical procedure for keeping the said accounts and the settlement of the credit.

Article 11

The Government of India shall reimburse the Soviet party for the expenses of the Soviet organizations incurred in connection with the stay of Soviet specialists in India, beginning from January 1st, 1966, in Indian Rupees by crediting the corresponding amounts to the special account indicated in Article 9 of the present Agreement.

Article 12

The Soviet organizations shall guarantee that :

1. The detailed Project Report of the Works, prepared by the said organizations, shall conform to the production capacity stipulated in the present Agreement.
2. The equipment delivered by the Soviet organizations shall be in conformity with the above said detailed Project Report.
3. The performance of the equipment shall be in accordance with their stated capacities.
The periods of the guarantees, the order of their fulfilment and other conditions shall be provided in the contracts to be concluded in accordance with the present Agreement.

Article 13

The conditions of the fulfilment of the commitments of the Soviet organizations under the present Agreement shall be determined in the corresponding contracts to be concluded between the Indian and Soviet organizations.

The Soviet organizations shall furnish to the Indian organizations within one month of the acceptance of the detailed Project Report offers in the form of a draft contract for the supply of equipment and materials.

The contracts for the supply of equipment and materials shall be concluded within two months from the date of submission of the corresponding offers by the Soviet organizations.

The Soviet organizations may co-operate in carrying out the designing work, the deliveries of equipment and in the implementation of other forms of technical cooperation for which the Soviet Party is responsible, with the corresponding organizations of third countries, but in case the need arises for deputing specialists to India from the said third countries, the Soviet organizations shall obtain prior consent of the Indian party thereto.

Article 14

The Indian and Soviet organizations shall exchange all the information and render assistance which may reasonably be required by either party in relation to the present Agreement and shall in particular furnish each other with progress reports and other information as may be required in regard to the programme of work for the construction of the Iron and Steel Works mentioned in Article 1 of the present Agreement and other matters connected therewith:

Article 15

The Government of India and the Government of the USSR shall in the shortest possible time after signing the present Agreement inform each other of the corresponding Indian and Soviet organizations to be authorized for the implementation of the present Agreement; it is hereby understood that the said Governments may authorize one or several organizations.

Should it be found necessary subsequently to substitute the organizations authorized for the implementation of the present Agreement, such substitution shall be deemed possible.

The Government of India and the Government of the USSR reserve the right to transfer any or all rights and liabilities arising out of the present Agreement to such Indian and Soviet organizations as the respective Governments may consider necessary.

Article 16

In case the performance of the present Agreement is infringed for a certain period of time as a result of war, hostilities, embargo, blockades or any other contingency beyond the control of either party, the representatives of the Government of India and the Government of the USSR shall immediately consult with each other and come to an agreement with regard to the measures to be taken and if such agreement cannot be reached within a reasonable period of time, the Indian organizations may complete the designing and construction of the aforesaid Works in the order which may be considered necessary, but even in this case the rights and liabilities of the parties arising from the present Agreement prior to that moment shall remain in force.

Article 17

In case of any disagreement between the Indian and Soviet organizations on any matters arising from or connected with the implementation of the present Agreement, the representatives of the Government of India and the Government of the USSR shall immediately consult with each other and endeavour to reach a mutual settlement of such disagreement.

Article 18

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

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

DONE on this twenty fifth day of January, 1965, in New Delhi in two original copies, each in the Hindi, Russian and English languages, the texts in Hindi and Russian being equally authentic and the English text being the operative one.

On behalf of the
Government of India
Sd /--
N.N. WANCHOO

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

Sd /-
V. SERGEE

ANNEXURE I

THE MAIN SHOP AND DEPARTMENTS OF THE IRON AND STEEL WORKS AT BOKARO

1. Coke oven plant with coke ovens of 30.3 cu.m. capacity each with the necessary by-product plant.
2. Sintering plant for production of fluxed sinter.
3. Blast furnace plant with 2,000 cu.m. useful capacity of the furnaces.
4. Steel plant with the capacity of the converters 100 tonnes each.
5. Hot rolling plant with slabbing mill and with 2000 mm continuous mill for production of hot rolled sheets 1.5 to 10 mm thick.
6. Cold rolling plant with 2,000 mm continuous mill for production of sheets end coils 0.4 to 2.00 mm thick and with the equipment required for finishing hot rolled and cold rolled sheets and with the equipment for production of galvanized sheets 0.4 to 1.2 mm thick.
7. Shops for calcinating limestone, dolomite and production of resin-dolomite material for converter lining and for production of refractory stock.
8. Maintenance facilities to provide the works with spare parts and replaceable equipment except for rolls, heavy steel casting, non-ferrous casting over 1 tonne and forging over 3 tonnes. Construction of a steel structural shop is envisaged.
9. Power and air blower stations.
10. Training Centre for the training of engineers, technicians and workers.
11. Units within the boundary of the Works for the supply of the Works with power, water, gas, compressed air, oxygen as well as communications and storage facilities.

ANNEXURE II

1. The detailed Project Report of the Works shall be prepared in sufficient detail in order to :
determine and assess all the main technical and economic data for the Works as a whole; order the main equipment and prepare the working drawings at the subsequent stages.

2. The detailed Project Report will also include.

I. General layout of the Works and arrangement drawings for the equipment for the main shops of the Works;

II. Explanatory note specifying processes and the main equipment required; - Recommendations on the construction of the Works, including the schedule of constructing the shops of the Works, the requirements of equipment for construction and erection and the requirements of manpower for construction;

III. Data on the cost of the Works and the cost of production estimated on the basis of summary indices;

IV. Requirements of manpower necessary for operation and maintenance of the Works;

V. Summary list of equipment indicating the necessary technical characteristics;

VI. Summary list of the scope of construction work and main construction materials and structures.

3. The detailed Project Report will include all facilities inside the Works boundary. Facilities outside the Works boundary shall be designed by the Indian organizations, which will consult with Soviet specialists, wherever necessary.

4. The detailed Project Report will be in English and done in the metric system. All costs, will be shown in Indian Rupees.