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**PROTOCOL TO THE AGREEMENT
BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF INDIA
AND
THE ROYAL GOVERNMENT OF BHUTAN**

**REGARDING THE KURICHHU HYDROELECTRIC PROJECT
IN BHUTAN.**

The Royal Government of Bhutan and the Government of India bearing in mind the friendly relations subsisting between the two Governments and their peoples and wishing to strengthen the same;

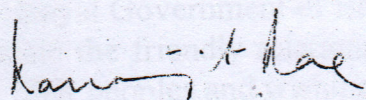
Noting the need of Royal Government of Bhutan and Government of India for scheduling the loan repayment as provided under Article 3 of the Agreement;

Have agreed on the following modification of the Inter-Government Agreement dated 18th February 1994 through the present Protocol, which shall constitute an integral part of the 1994 Agreement with respect to the Kurichhu Hydroelectric Project.

- (i) The principal and the interest thereon shall be repaid with effect from 1st July 2004 as per the annexed schedule (schedule enclosed).
 - (ii) The tariff for both firm and seasonal power supplied by Royal Government of Bhutan to the Government of India shall be 175 paise per unit with effect from 1st July 2001.
 - (iii) To review the aforesaid tariff every four years on the basis of the parameters incorporated in the agreement of 18th February 1994 between the two countries. The next review would thus become due on 1st July 2005.
 - (iv) All other provisions of the 18th February 1994 Agreement would remain unchanged.
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- (v) In witness whereof, the parties have caused to be subscribed thereof signature of their duly authorized representatives.

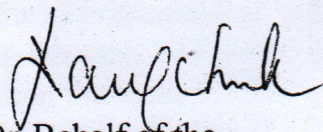
Done in the English language and signed on the 16th day of January, 2004.



On Behalf of the
Government of India

Name: Ranjit Rae

Designation: Joint Secretary (NB)



On Behalf of the

Royal Government of Bhutan

Name: Aum Yanki T. Wangchuk

Designation: Finance Secretary