21

Agreement between the Government of the Republic of India and the Royal Government of Bhutan on Standby Credit Facility

Whereas the Royal Government of Bhutan has requested the Government of the Republic of India for a temporary standby credit facility and whereas the Government of the Republic of India, in the spirit of the close and friendly relations and cooperation between the two countries, has agreed to make such credit facility available.

Now, therefore, it is hereby agreed as follows:

Article 1

The Government of the Republic of India shall make available to the Royal Monetary Authority (RMA) of Bhutan, acting for and on behalf of the Royal Government of Bhutan, a standby credit facility of Rs. 300 Crore (Indian Rupees Three Hundred Crore or Indian Rupees Three Billion), to be disbursed and accounted for as hereinafter provided.

Article 2

The State Bank of India acting for and on behalf of the Government of India shall, on a demand in this behalf being made by the Royal Monetary Authority of Bhutan, acting for and on behalf of the Royal Government of Bhutan, shall credit the sum of Rs. 300 Crore on a revolving basis hereinbefore mentioned in one or more installments as may be desired by RMA, to the current account which is being maintained for RMA at the Hashimara Branch of the State Bank of India.

Article 3

Interest shall be charged on the amount of the credit outstanding from time to time at the rate of 5% (Five Percent) per annum and a commitment charge at the rate of 25 basis points (0.25%) per annum, on the amount of the difference between the amount or the total amounts which are drawn and credited to the account of RMA under this

Agreement and the total amount of the standby credit facility of Indian Rupees 300 Crore, shall be levied, for the period during which the standby credit facility or any portion thereof remains unutilized. The interest and commitment charge shall be recovered from or debited to the account of RMA at the end of every quarter.

Article 4

The amount of the credit shall be utilized only for making payments within India on account of cheques, drafts or pay orders drawn by RMA or other payments by duly authenticated cable messages received from that Authority.

Provided that any actual expenses incurred on account of such payments, including any charges for the transfer of funds within India in connection therewith, shall be payable by RMA and debited to their account.

Article 5

The amount advanced on account of the standby credit facility shall be repaid within a period of six months from the date on which the amount or the first installment thereof is drawn and credited to the account of RMA as aforesaid.

Provided that:

a) Any amount outstanding under this credit facility may be repaid before the expiry of the said period of six months.

b) On the termination of the said period of six months, any surplus, which may be standing to the credit of RMA in its account with the State Bank of India at Hashimara and the proceeds of the sale of any investments on behalf of RMA by the Hashimara office of the State Bank of India shall, on a request by RMA in this behalf, be utilized for the repayment of the standby credit facility.

c) This standby credit facility arrangement shall be extended automatically for a period of six months each time and will remain in force for a total period of sixty months (60 months) from the

Rw

194

date of drawal of the first installment on the terms and conditions mentioned in this agreement.

Article 6

The repayment of the standby credit facility, including interest and commitment charges, shall be made without any deduction on account of any tax or levy which may be imposed in Bhutan or any other deduction for any other purpose and shall also be free from any restrictions under any law, which may for the time being, be in force in Bhutan.

Article 7

The Royal Government of Bhutan agrees to furnish such reports and information as may be reasonably and specifically required by the Government of the Republic of India regarding Bhutan's trade and payments, the measures taken or contemplated by the Royal Government of Bhutan in connection therewith, the purpose for which the credit facility is issued and other connected matters.

Article 8

The State Bank of India shall furnish to the Government of the Republic of India and the Royal Government of Bhutan from time to time such information and details as they may require regarding the drawals and utilization of this standby credit facility, the recovery of interest and commitment charges and the repayment of the credit facility.

Done in Thimphu on the 13th day of June two thousand and twelve in two originals in Hindi and English languages, both texts being equally authentic.

For the Government of the Republic of India

पवन

(Shri Pavan K. Varma)
(Ambassador of India to Bhutan)

For the Royal Government of Bhutan

(Lyonpo Wangdi Norbu)
Minister of Finance