

Country: INDIA

PROJECT DATA

TABLE III

PROJECT TITLE Development of Rural Electric Cooperatives		ACTIVITY Agriculture and Natural Resources		FUNDS TA	
PROJECT NUMBER 386-11-220-342		PRIOR REFERENCE Page 56, FY 1969 PDB		INITIAL OBLIGATION FY: 1967	
				SCHEDULED FINAL OBLIGATION FY: 1972	

Project Target and Course of Action: In 1965 India had 52,000 village electric marketing cooperatives which were designed to provide electric power for wells, irrigation systems, grinding and other farm purposes as well as to raise generally the standard of living of village farm families. However, their organization and management needed strengthening for the major expansion in electric cooperatives foreseen for the next decade.

to administer rural electric cooperatives efficiently.

To carry out the project, A.I.D. contracted with the National Rural Electric Cooperatives Association to develop the organization of five rural electric coops. A schedule was set up which includes the first three phases covering feasibility studies, and detailed plans for budgeting and organization. The initiation of assistance on the last phases, i.e., actual construction, training of staff and follow-up, was contingent upon government acceptance of recommendations resulting from the feasibility and planning studies. Once accepted, one rural electric management specialist will be assigned to each of the five model coop projects to assist in organization and initial operation. Basic engineering services, construction, and all materials and equipment will be procured locally using government funds. The fifth phase covers periodic consultations with NRECA experts after the model coops are a going concern.

The Government of India decided to take the following steps: (1) seek the advice of U.S. rural electrification experts to improve the existing cooperatives; (2) organize a central unit to establish standards and provide general guidance and technical assistance to the cooperatives; (3) finance the organization and construction of facilities of five model cooperatives; and (4) provide financial assistance for both existing and new cooperatives if they developed sound plans consistent with the new standards. The government also planned to increase the number of village coops to 110,000 based on the models being developed.

The final obligation date has been extended to FY 1972 in view of delays in reaching agreement on the work to be done in the final phase of the project. NRECA estimates that the remaining work will require three years (FY 1970-72) to complete.

This project is related to an overall government effort to double the country's generating capacity over the next five years.

Progress to Date: An Ad Hoc Committee was established by the Central Government for the program. The Government

A.I.D. agreed to help develop five demonstration rural electric cooperatives which would teach villagers how

U.S. DOLLAR COSTS (In thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1969			Proposed FY 1970			U.S. National Rural Electric Cooperative Association
				Contract/Agency	Total	Direct AID	Contract/Agency	Total		
Through 6/30/68	95	89	6							
Estimated FY 69	225	85								
Estimated through 6/30/69	320	174	146							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 70	135	300	755	25	200	225	60	75	135	
				U.S. Technicians						
				Participants ...						
				Commodities ...						
				Other Costs ...						
				Total Obligations						

3860342(6)
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Country: INDIA

PROJECT DATA

TABLE III

PROJECT TITLE Development of Rural Electric Cooperatives	ACTIVITY Agriculture and Natural Resources	FUNDS TA	
	PRIOR REFERENCE Page 56, FY 1969 PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: 1972
PROJECT NUMBER 386-11-220-342			

and the Mission signed an Operational Work Plan for the remaining work in December 1968.

FY 1970 Program: A NRECA team of 5 advisors, each working with one model coop, will assist and advise on its construction, management, and initial operation.

U.S. Technicians: 5 NRECA Specialists

Participants: Ten non-contract participants will receive up to 4 months training in the U.S. at the NRECA Management Course. 7 others will receive up to 4 months training each in the U.S. in the organization and operation of rural electric cooperatives.

Contract: \$75,000 to fund the NRECA contract to March 1971.

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386 0342 (7)
PD-AAD-103

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11

Ten participants will be scheduled in FY1971. The type of training will be determined by NRECA technicians in consultation with USAID depending on project experience.

In FY1972 and FY1973, ten participants will be programmed each year.

PHASE V

Phase V provides for short-term consultants to assist on management or other operation problems for two years after the completion of Phase IV. Consultants may also be employed to assist the GOI in the expansion of rural electric cooperatives to other areas.

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PROJECT AGREEMENT

3860342 (8)

BETWEEN THE DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT (AID),
AN AGENCY OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA, AND

THE MINISTRY OF FINANCE

PD-AAD-103

AN AGENCY OF THE GOVERNMENT OF INDIA

The above-named parties hereby mutually agree to carry out a project in accordance with the terms set forth herein and the terms set forth in any annexes attached hereto, as checked below:

PROJECT DESCRIPTION ANNEX A FOREIGN CURRENCY STANDARD PROVISIONS ANNEX

STANDARD PROVISIONS ANNEX SPECIAL LOAN PROVISIONS ANNEX

This Project Agreement is further subject to the terms of the following agreement between the two governments, as modified and supplemented:

GENERAL AGREEMENT FOR TECHNICAL COOPERATION DATE Dec. 28, 1950

ECONOMIC COOPERATION AGREEMENT DATE

(as per) as extended June 29, 1957 DATE Jan. 5, 1952

1. PROJECT/ACTIVITY NO. 386-11-220-342

PAGE 1 OF 1 PAGES

2. AGREEMENT NO. 148, Supplement No. 3

3. ORIGINAL OR REVISION NO. FY 1970

4. PROJECT/ACTIVITY TITLE

Rural Electric Cooperatives Development

5. PROJECT DESCRIPTION AND EXPLANATION

(See Annex II attached)

6. AID APPROPRIATION SYMBOL Dollars: 72-1101004 Rupees: 72FT800

7. AID ALLOTMENT SYMBOL 054-50-386-00-69-01 147-50-386-00-69-00

8. AID FINANCING		PREVIOUS TOTAL in year, ending June 30, 1970	INCREASE (B)	DECREASE (C)	TOTAL TO DATE (D)
<input checked="" type="checkbox"/> DOLLARS	<input type="checkbox"/> LOCAL CURRENCY				
(a) Total	Dollars	0	37,100	0	37,100
(b) Contract Services		0	0	0	0
(c) Commodities		0	0	0	0
(d) Other Costs/Participants		0	37,100	0	37,100
9. COOPERATING AGENCY FINANCING - MILLER SINGH BANK					
Rs 1.00 = Rs 7.60					
(a) Total Trust Fund Rs		0	90,000*	0	90,000*
(b) Technical and other Services		0	0	0	0
(c) Commodities		0	0	0	0
(d) Other Costs		0	0	0	0

10. SPECIAL PROVISIONS (Use Additional Condition Sheets, if Necessary)

See Annex A for description of Project.
See Annex B for Operational Work Plan.

*Equivalent of U.S. \$11,842.

11. DATE OF ORIGINAL AGREEMENT March 24, 1970

12. DATE OF THIS REVISION Not Applicable

13. ESTIMATED FINAL CONTRIBUTION DATE June 30, 1972

14. FOR THE COOPERATING GOVERNMENT OR AGENCY

15. FOR THE AGENCY FOR INTERNATIONAL DEVELOPMENT

Sd/-
S. Santhi
Deputy Secretary, Ministry of Finance

DATE: 18 Mar 1970

Sd/-
Leonard J. Saccic
Director, U.S. A.I.D. Mission in India

DATE: 3/24/70

AID 1370-1A (10-63) PROAG CONTINUATION SHEET ANNEX A	PROJECT AGREEMENT BETWEEN AID AND THE MINISTRY OF FINANCE	1. Project/Activity No. 306-11-220-3/3	PAGE 1 OF 2 PAGES
	AN AGENCY OF THE GOVERNMENT OF INDIA	2. Agreement No. 148, Supplement No. 3	3. <input checked="" type="checkbox"/> Original or Revision No. FY 1970
		3. Project/Activity Title Rural Electric Cooperatives Development	

This Supplementary Project Agreement is executed pursuant to the Technical Cooperation Agreement entered into between the Governments of India and the United States of America on January 5, 1952, and is signed by the designated representatives of the two governments - S. Santhi, Deputy Secretary, Ministry of Finance of the Government of India (hereinafter referred to as the "Representative") and Leonard J. Saccio, Director of the U.S. A.I.D. Mission to India of the Agency for International Development of the Government of the United States of America (hereinafter referred to as the "Director").

Description of Project

In furtherance of the purposes and objectives of Project Agreement No. 148, as supplemented and amended, it is hereby agreed to continue U.S. assistance to this project during FY 1970 for implementing the Phase IV program of organizing, constructing and operating cooperative electric distribution systems to serve rural areas in the States of Mysore, Maharashtra, Gujarat, Andhra Pradesh and Uttar Pradesh.

The Operational Work Plan (OWP) attached hereto as Annex B, which provides the details of activities contemplated during the period July 1, 1969 to June 30, 1970, is to be used as a guide to the implementation of the project and reflects the intent of the signatories to this agreement.

Supplement No. 2, as amended, provided for the services of five U.S. technicians and three consultants under contract with the National Rural Electric Cooperatives Association. All the five technicians are on board and assigned to the State Electricity Boards in the above-said five States. Funds provided in Supplement No. 2, as amended, are adequate to cover the initial eighteen-months cost of the contract; however, if necessary, additional funds will be provided, subject to their availability, later during FY 1970 to forward-fund the contract through March 31, 1971.

Under this Supplement No. 3, the U.S. A.I.D. hereby agrees to provide (a) continued services of the contract technicians; and (b) U.S. training in FY 1970 for nine Indian participants (as against the provision of eight participants described in the attached OWP) nominated by the Government of India, per DEA letter No. 3/41/69-TGM dated February 26, 1970.

To cover the cost of the participant training, the USAID and the GOI hereby make available \$37,100 of Development Grant funds and Rs 90,000 from the GOI Trust Fund administered by the USAID to cover international travel cost of the participants.

AID 1480-1A (H-03) PROAG CONTINUATION SHEET ANNEX <u>A</u>	PROJECT AGREEMENT BETWEEN AID AND THE MINISTRY OF FINANCE	1. Project/Activity No. JS6-11-220-342	PAGE <u>2</u> OF <u>2</u> PAGES
	AN AGENCY OF THE GOVERNMENT OF INDIA	2. Agreement No. 148, Supplement No. 3	3. <input checked="" type="checkbox"/> Original or Revision No. <u>EY 1970</u>
		3. Project/Activity Title Rural Electric Cooperatives Development	

The Government of India from Fund B or other sources will provide for the participants within-India travel and transportation costs to and from New Delhi and other pre-departure expenses, and pay their salaries while in training abroad.

All other provisions of the original Project Agreement No. 148, as supplemented and amended, will remain unchanged.

OPERATIONAL WORK PLAN

FOR PERIOD JULY 1, 1969 TO JUNE 30, 1970

PROJECT No. 386-11-220-342

TITLE RURAL ELECTRIC COOPERATIVES DEVELOPMENT

INTRODUCTION

This Operational Work Plan provides a description of the activities contemplated under this project. This Work Plan is intended to be a guide to the implementation of the project and reflects joint preparation and the intent of the signatories to this agreement. The Plan does not commit either Government until after required administrative and financial clearances have been given by the appropriate authorities. Formal commitment by each Government to the specific action required to implement this project will be made by execution of a project agreement.

I. BACKGROUND OF CURRENT ACTIVITIES

This activity is proceeding on schedule based on a phased program for the development of Rural Electric Pilot Cooperatives in five States. The activity is a joint effort of the GOI, represented by an ad hoc Committee, and USAID, by contract with the National Rural Electric Cooperative Association (NRECA). Progress to-date has followed an outline of progressive steps for development established by NRECA. The outline provides for five phases of development. Each successive phase of development is implemented by agreement of the GOI and USAID based on a favorable report of the previous phase. The Phase I Report of

Survey, conducted by NRECA, dated December 1966, was a study of the potential for extending cooperative electric service into unserved villages and rural areas. The recommendations contained in this Survey were accepted by the GOI and USAID, and were the basis for implementing Phase II and III of the Five phase program.

Subsequently, in 1967 and early 1968 NRECA sent teams of specialists to India and carried out Phase II and III in five of the six States identified by the Phase I study which met the requirements prescribed for the establishment of "Pilot Cooperatives". These States were Uttar Pradesh, Gujarat, Andhra Pradesh, Mysore, and Maharashtra. These phases dealt with two activities of the development process, viz; (1) assess the potential of the areas for effective cooperative institutions to provide electricity and meet other related needs; (2) help prepare the requisite technical details, determine the resources necessary to make the projects feasible and assist in establishing an effective financial structure having the necessary funds at terms favorable for construction and operation of the first section of each rural cooperative.

These activities were carried out in the States of Gujarat, Mysore, and Maharashtra by NRECA teams in the latter part of 1967 and their formal report was submitted in January 1968. Phases II and III were completed in Uttar Pradesh and Andhra Pradesh in May 1968 and their formal report was submitted in August 1968.

The GOI has established an ad hoc Committee at the Central Government level with members from the various interested government departments and the cooperative sector to give guidance and direction to the program and to assist the pilot projects in the construction and early operation stage. This Committee provided a liaison for the Phase II and III teams with State Government, Electricity Boards, and pilot project leadership for a smooth operation in this phase of the project. The technical staff of the Committee made analytic studies of the five reports and the ad hoc Committee recommended that the project move into Phase IV and Phase V.

Six participants, one from each State except Gujarat, and two selected from the Center representing the ad hoc Committee started training in the U.S. on April 23, 1969 and will be back to assist in Phase IV early in July.

To accomplish Phase IV, one U.S. specialist will be assigned to each project area to assist in the organization, construction and operation of the cooperative electric distribution system. Phase V which provides for periodic consultations with NRECA experts will be taken up after the completion of Phase IV.

It is agreed that one full-time specialist be provided for a two year assignment to each of the five rural electric pilot projects. These five specialists are being selected by NRECA from specialists in management and construction in the rural electric program in the U.S. The specialists are expected to arrive in India in August 1969.

II. GOALS AND PRECONDITIONS

A. Goals

This Operational Work Plan is prepared in accordance with the outline used by the U. S. National Rural Electric Cooperative Association for phases and steps for organizing, establishing and operating rural electric cooperative projects. In pioneering this activity, the GOI and the USAID are striving to utilize the experience of rural electric cooperatives in the United States to make best use of Indian electrical resources through new rural electric cooperatives which function to increase the availability and use of electrical power for agricultural and rural development, fully recognizing that agricultural productivity in India is closely tied to irrigation.

More specifically the goals of this activity are as follows:

- A. Furnish electricity to the rural people at a reasonable cost in order to increase agricultural production; stimulate small agro-industries and improve the standard of living for the rural population.
- B. Increase the responsible action of the people by giving them some degree of control of their electricity supply.
- C. Establish local organizations for the financing, procurement, installation, repair and proper use of electrical appliances and equipment such as pump-sets.
- D. Provide the basis for a rapid and standardized pattern of construction and operation for rural electric systems in all

States of the Union.

- E. Provide meaningful training experiences for Indian personnel involved in rural electric cooperative activities so they can help other such cooperatives.

B. Pre-Conditions

The GOI, through the ad hoc Committee, will give guidance and direction to the program; and arrange with the Center and State Governments and concerned parties to ensure adequate power supply and guidelines for organization and management of engineering, construction and operation of the cooperatives.

Participants to receive training under this program will be jointly selected by GOI and USAID. Their selection and training schedule will be coordinated with the work schedule of Phase IV to enable them to work with the specialists in respective project areas prior to their U.S. training and return to again to assist the U.S. technicians in the completion of Phase IV.

III. INPUTS

A. U.S.

1. Technical Advisory Service

Type of Technician	Number	Estimated Duration of Assignment (months)	Work Location of GOI Agency	Position of Counterparts
1	2	3	4	5
Rural Electric Mgt. Specialist	1	24	Hukari Taluk Mysore State	Society Manager and Project

1	2	3	4	5
Rural Electric Mgt. Specialist	1	24	Ahmednagar Dist. Maharashtra	Society Manager & Project Engineer
Rural Electric Mgt. Specialist	1	24	Kodinar Taluka, Dist. Amreli & portions of Varaval & Una Taluks in Junagadh Dist., Gujarat State	Society Manager & Project Engineer
Rural Electric Mgt. Specialist	1	24	Sarcilla Taluka, Karimnagar Dist. Andhra Pradesh	Society Manager & Project Engineer
Rural Electric Mgt. Specialist	1	24	Gosaingang, Mohanlalganj, Sarojini Nagar, Katori & Malhabad - Dist. Lucknow-Uttar Pradesh	Society Manager & Project Engineer
Consultants on Engineering & on Construction	3	3	Time to be allotted to five project areas by Center ad hoc Committee	Ad hoc Committee and Pilot Project Manager

2. Participants

Field of Training	Number	Est. Duration of Training (months)	Position Agency & Location
Rural Electric Coop Management	6	4	One to be selected from each Pilot Area except two from Gujarat
Rural Electric organization and Management	2	4	Two to be selected from Center by <u>ad hoc</u> Com.

3. Other Inputs

Item	Quantity or Volume	Intended Use
Miscellaneous training and demonstration materials to be made available to each of 5 technicians assigned for a full tour to a project.		To permit effective training programs by providing references, supplies professional equipment, and miscellaneous expenses not normally available through GOI sources.

B. GOI

The GOI, through the ad hoc Committee, will provide a liaison with project leadership, State Governments, and State Electricity Boards for the designation of counterparts for the U.S. specialists, the providing of necessary office space and logistic support to permit their services to be fully utilized.

The ad hoc Committee will, with the assistance of the Phase IV specialists, establish a step by step outline of the organization, engineering and construction for Phase IV development.

Participants provided for in this OWP will be selected in a manner that will permit the carrying out of the time schedule desired above under B. Pre-Conditions.

IV. TIME PHASED COURSE OF ACTION

1. I develop guidelines for a "Working Plan" which is appropriate to each cooperating Rural Electric Cooperative, and will serve as a guide for preparing the more detailed and specific plans of operation for each specialist and his state counterpart cooperative.

2. Development of the detailed Working Plan for each respective Rural Electric Cooperative.

sd/-

(K. P. Mathrani)
Secretary
Ministry of Irrigation & Power
and Chairman Ad Hoc Committee
Pilot Rural Electric Cooperative
Projects

Date June 25, 1969

Sd/-

(R. O. Olson)
USAID Mission to India
Office of Agricultural
Development

Date June 25, 1969

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PD-AAD-103

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PROJECT AGREEMENT
BETWEEN THE DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT (AID),
AN AGENCY OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA, AND
THE MINISTRY OF FINANCE
AN AGENCY OF THE GOVERNMENT OF INDIA (GOI)

The above-named parties hereby mutually agree to carry out a project in accordance with the terms set forth herein and the terms set forth in any annexes attached hereto, as checked below:

- PROJECT DESCRIPTION ANNEX A FOREIGN CURRENCY STANDARD PROVISIONS ANNEX
 STANDARD PROVISIONS ANNEX SPECIAL LOAN PROVISIONS ANNEX

This Project Agreement is further subject to the terms of the following agreement between the two governments, as modified and supplemented:

GENERAL AGREEMENT FOR TECHNICAL COOPERATION DATE Dec. 23, 1950

ECONOMIC COOPERATION AGREEMENT DATE

(Inds.) as extended DATE Jan 5, 1952
 as extended June 29, 1957

B. AID FINANCING
 DOLLARS LOCAL CURRENCY PREVIOUS TOTAL IN YEAR ENDING

	PREVIOUS TOTAL IN YEAR ENDING	INCREASE (B)	DECREASE (C)	TOTAL TO DATE (D)
(a) Total Dollars	101,900	145,266	0	247,166
(b) Contract Services/PASA	46,000	127,676	0	173,676
(c) Commodities	0	12,000*	0	12,000
(d) Other Costs: Participants	55,900	5,590	0	61,490

C. COOPERATING AGENCY FINANCING
 Rupee 21.00 = Rs 7.60

	PREVIOUS TOTAL IN YEAR ENDING	INCREASE (E)	DECREASE (F)	TOTAL TO DATE (G)**
(a) Total Trust Fund Rupees	286,000	785,000**	0	1,071,000***
(b) Technical and other Services	156,000	785,000	0	941,000
(c) Commodities	0	0	0	0
(d) Other Costs: Participants	130,000	0	0	130,000

1. PROJECT/ACTIVITY NO. 386-11-220-342

2. AGREEMENT NO. 148, Amendment No. 2 to Supplement No. 4

PAGE 1 OF 2 PAGES
 3. ORIGINAL OR REVISION NO. 2 (FY 1971)

4. PROJECT/ACTIVITY TITLE

Rural Electric Cooperatives Development

5. PROJECT DESCRIPTION AND EXPLANATION
 (See Annex A attached)

6. AID APPROPRIATION SYMBOL Dollars: 72-1111004
 Rupees: 72FT800

7. AID ACCOUNT SYMBOL
 154-50-386-00-(6)-1
 147-50-386-00-(6)-01

10. SPECIAL PROVISIONS (Use Additional Confirmation Sheets if Necessary)
 See description of project in Annex A attached.
 * Represents U.S.-titled commodities to support U.S. technicians.
 ** Equivalent to U.S. \$103,289.
 *** Equivalent to U.S. \$140,921.

11. DATE OF ORIGINAL AGREEMENT July 31, 1970
 12. DATE OF THIS REVISION May 25, 1971
 13. ESTIMATED FINAL CONTRIBUTION DATE June 30, 1973

14. FOR THE COOPERATING GOVERNMENT OR AGENCY
 /s/ S. Santhi
 Deputy Secretary, Ministry of Finance
 SIGNATURE: DATE: 20.5.71

15. FOR THE AGENCY FOR INTERNATIONAL DEVELOPMENT
 /Sd/ Howard E. Houston
 Minister Director
 U. S. A. I. D. Mission to India
 SIGNATURE: DATE:

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PROAG
CONTINUATION
SHEETANNEX A

PROJECT AGREEMENT

BETWEEN AID AND

THE MINISTRY OF FINANCE

AN AGENCY OF THE GOVERNMENT OF

INDIA

1. Project/Activity No.

386-11-220-342

PAGE 1 OF 2 PAGES

2. Agreement No. 148, Amendment
No. 2 to Supplement No. 43. Original or

Revision No. 2 (RV 171)

3. Project/Activity Title

Rural Electric Cooperatives Development

This Project Agreement is executed pursuant to the Technical Cooperation Agreement entered into between the Governments of India and the United States of America on January 5, 1952, and is signed by the designated representatives of the two governments - S. Santhi, Deputy Secretary, Ministry of Finance of the Government of India (hereinafter referred to as the "Representative") and Howard E. Houston, Director, U.S. Agency for International Development Mission to India of the Government of the United States of America (hereinafter referred to as the "Director").

Description of Project

1. In furtherance of the purposes and objectives of Project Agreement No. 148, as supplemented and amended, it is hereby agreed to continue U.S. assistance to this project through June 30, 1972 for the implementation of Phase IV program. The U.S. assistance will be provided through an extension of the AID contract with the U.S. National Rural Electric Cooperative Association (NRECA).
2. The Operational Work Plan (OWP) attached hereto as Annex B, which provides details of the activities contemplated during the period July 1, 1971 to June 30, 1972, is to be used as a guide to the implementation of the project and reflects the intent of the signatories to this Project Agreement.
3. Supplements No. 2 and 3, as amended, provided for the services of five U.S. technicians and two consultants under contract with NRECA, through March 31, 1971. Supplement No. 4, as amended, provided for the extension of the contract services through June 30, 1971, and the training of 13 direct participants included in the OWP attached as Annex B to Amendment No. 1 to Supplement No. 3.
4. All of the five requested technicians are on board and assigned to the five pilot rural electric cooperative projects, one each in the States of Andhra Pradesh, Gujarat, Maharashtra, Mysore, and Uttar Pradesh. A sixth technician, Rural Electric Management Accountant Specialist, will be assigned at New Delhi, upon receipt of formal GOI request, to work with the Rural Electrification Corporation for two years beginning about September 1, 1971, as provided in the Annex B (OWP) attached hereto. The two consultants authorized previously are now expected to arrive during the current contract year (April 1971 - March 1972).

AID 1220-11A 08-521 FROAG CONTINUATION SHEET ANNEX <u>A</u>	PROJECT AGREEMENT BETWEEN AND AND THE MINISTRY OF FINANCE	1. Project/Activity No. 380-11-270-342	PAGE 2 OF 2 PAGES
	AN AGENCY OF THE GOVERNMENT OF INDIA	2. Agreement No. 148, Amendment No 2, to Supplement No. 4	3. <input type="checkbox"/> Original or Revision No. 2 (FY 1971)
		3. Project/Activity Title Rural Electric Cooperative Development	

5. Under this Amendment No. 2 to Supplement No. 4, the USAID and the GOI hereby agree to make available additional \$145,266 from Development Grant funds and Rs 785,000 from the GOI Trust Fund for the following activities as described in the Annex B attached hereto:

- a) \$123,000 and Rs 764,000 to fully finance the services of six U.S. technicians and two consultants under the NRECA contract through March 31, 1972, for approximately 70 man-months.
- b) \$12,000, for procurement of U.S. titled commodities for support of U.S. technicians.
- c) \$5,590 to cover additional cost of training the 13 participants originally authorized and funded under Supplement No. 4.
- d) \$4,676 and Rs 21,000 to provide for the services of an evaluation consultant (authorized in Amendment No. 1 to Supplement No. 4) for approximately two man-months, under agreement with a U.S. participating agency.

6. This supplementary project agreement does not authorize at this time U.S. training of 20 participants proposed for FY 1972, as described in Annex B attached hereto. Authorization and funding for these participants is being deferred to FY 1972 as their training is not likely to begin before April 1972. Furthermore, forward funding of contract services provided herein is limited to the period through March 31, 1972 under current AID regulations. Additional funds necessary to extend the contract beyond March 31, 1972 will be provided later subject to the availability of funds.

7. It is agreed hereby that the Government of India shall for the GOI requested technicians, provide office space, equipment, furnishings and supplies; stenographic, secretarial, translation and interpreting services; and pay the cost of official communications. The Government of India also will provide for the participants' within-India travel and transportation costs to and from New Delhi and other pre-departure expenses, and pay their salaries while in training abroad.

8. The Ministry of Irrigation and Power, and the Rural Electrification Corporation shall be responsible for the general administration and supervision of the project.

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OPERATIONAL WORK PLAN

PROJECT TITLE Rural Electric Cooperatives Development
PROJECT NUMBER 386-11-220-342
PERIOD July 1, 1971 to June 30, 1972

INTRODUCTION

This Operational Work Plan provides a description of the activities contemplated under this Project. This Work Plan is intended to be a guide to the implementation of the project and reflects joint preparation and the intent of the signatories to this agreement. This Plan does not commit either Government until after required administrative and financial clearances have been given by the appropriate authorities. Formal commitment by each Government to the specific action required to implement this project will be made by execution of a Project Agreement.

I. BACKGROUND OF CURRENT ACTIVITIES

This Operational Work Plan has been drawn up to continue the work of establishing five pilot rural electric cooperatives.

This Plan is prepared in accordance with the outline used by the U.S. National Rural Electric Cooperative Association for organizing, establishing and operating Rural Electric Cooperative Projects. The references to Phases used herein correspond with the master plan of NRECA.

This activity is a joint effort of the GOI, Rural Electric Corporation (REC) and USAID, by contract with the NRECA. Progress

to date has followed the NRECA phasing outline for each of the five Pilot Cooperatives. Each successive phase has been implemented by agreement of GOI and USAID based on the favourable reports of the preceding phases.

The Phase I survey of December, 1966 was a study of the potential for extending cooperative electric service into unserved rural villages and agricultural areas. In 1967-68 NRECA teams of specialists carried out Phase II and III in five of the six states identified by the Phase I study as locations with good potential for rural electric cooperatives. The selected states were Uttar Pradesh, Gujarat, Andhra Pradesh, Mysore and Maharashtra. The phases II and III programs were combined and directed to:-

1. Assess the potential of the areas for effective cooperative institutions to provide electric and other related needs;
2. Help prepare the requisite technical details, determination of resources necessary to make the project feasible and assist in establishing an effective financial structure having the necessary funds with terms favourable for construction and operation of the first section of each rural cooperative.

In initiating this project GOI established an Ad hoc Committee at the Central Government level with members from various interested Government Departments and the cooperative sector to give guidance and direction to the program and to assist the Pilot Projects in the construction and early operation stage. This Committee provided liaison for the combined Phases II and III teams with State Governments,

Electricity Boards, and pilot project leadership for smooth operation in this Phase of the project. The technical staff of the Ad Hoc Committee made analytical study of the five reports and the Committee recommended that the project move into Phase IV and Phase V.

The Rural Electric Corporation (REC) was organized in July 1969 to provide loans to State Electricity Boards and finance and promote cooperatives for the extension of electricity to rural India. With the formation of REC, the Ad Hoc Committee was terminated. REC has granted pre-acquisition loans to the five pilot cooperatives which provide funds for establishment of the organization to operate lines acquired from State Electricity Boards. All five Pilot Projects have also received acquisition loans and anticipate construction loans from REC for expansion of operations within their respective territories. The REC will provide technical services in connection with various loan applications presented to the Corporation.

The Phase IV project implementation started in July 1969 when preliminary organization plans were drawn up by the Ad Hoc Committee and the State Governments. The five Rural Electric Specialists arrived at their posts, one in each pilot project area, in October 1969. Project activities are essentially proceeding on schedule in all projects. The cooperatives have been organized, registered, and licensed and will either have acquired distribution lines and begun operation or nearly reached this stage. At the present time the Pilot Projects are functioning as legal entities for electric power distribution. Plans are being made for extension of electric facilities within unserved areas of the assigned cooperatives. Phase V which provides for periodic consultation with experts will be taken up on completion of Phase IV.

Six participants, one from each State except Gujarat, and two selected from the Center representing the Ad hoc Committee received training in the U.S. early in 1969 and returned to assist Phase IV early in July 1969. In May 1970 nine participants received training in the U.S.; five manager participants, two engineers and one official of the Rural Electrification Corporation, and one from Central Water and Power Commission, Ministry of Irrigation and Power. All participants have returned in September 1970 and are assisting in the development of rural electric cooperatives.

II. GOALS AND PRECONDITIONS

A. Goals

In pioneering this activity, the GOI, USAID are striving to increase the availability and use of electrical power for agricultural and rural development.

More specifically the goals of this activity are as follows:

1. Furnish electricity to the rural people at a reasonable cost in order to increase agricultural production; stimulate small agro-industry; and improve the standard of living for the rural population.
2. Increase the responsible action of the people by giving them some degree of control of their electricity supply.
3. Establish local organizations for the financing, procurement, installation, repair and proper use of electrical appliances and equipment such as pump-sets.
4. Provide the basis for a rapid and standardized pattern of construction and operation for rural systems in all States of the Union.

5. Provide meaningful training experiences for Indian personnel involved in rural electric cooperative activities so they can help other such cooperatives.

B. Prerequisites

The GOI, through the Rural Electrification Corporation will give guidance and direction to the program; and arrange with the Center and State Governments and concerned parties to provide guidelines for organization and management of engineering, construction and operation of the cooperatives.

Participants to receive training under this program will be jointly selected by GOI and USAID in consultation with the Rural Electrification Corporation. This training will be designed to strengthen the technical and management competence of the Rural Electric Cooperatives.

III. RESULTS

A. U.S.

1. Technical Advisory Service

Type of Technician	No. and Duration Man/Mon. FY 1972	No. and Duration Man-Mon. FY 1973	No. and Duration Man/Mon. FY 1974	Work Location of GOI Agency	Position of Counterparts
Rural Elec. Mgt. Spec. (J.L. Taylor)*	1/12	1/12	1/6	Dahar Taluk Mysore State	Society Manager & Project Engineer
Rural Elec. Mgt. Spec. (O.G. Berlin)*	1/12	1/12	1/6	Ahmednagar Dist. Maharashtra	Society Manager & Project Engineer
Rural Elec. Mgt. Spec. (J.D. Lanster)**	1/12	1/12	1/6	Kadinar Taluk Dist. Amreli portions of Varaval & Una Talukas in Junagadh District, Gujarat	Society Manager & Project Engineer

Type of Technician	No. and Duration Man/Mon. FY 1972	No. & ** Duration Man/Mon. FY 1973	No. and Duration Man/Mon. FY 1974	Work Location of GOI Agency	Position of Counterparts
Rural Elec. Mgt. Spec. (J.R. Chambliss) [#]	1/12	1/12	1/6	Sarcilla Taluk, Karimnagar Dist. Andhra Pradesh	Society Manager & Project Engineer
Rural Elec. Mgt. Spec. (L.M. Robinson) [#]	1/12	1/12	1/6	Gosainganj, Mohanlalganj, Sarojini Nagar Kakori & Malihabad Dist. Lucknow, U.P.	Society Manager & Project Engineer
Rural Elec. Mgt. Accountant Spec.	1/12	1/12	-	USAID Office (New Delhi) Liaison - 5 Projects	REC and Pilot Projects
Consultants Engineering or Accountant & Management as needed	2/6	3/9	3/9	Time to be allotted to five project areas by REC	REC and Pilot Project Managers and Engineers
Evaluation Engineer	1/3	-	-	New Delhi and Project sites	REC

(*) Present incumbent of position

(**) Program anticipated subject to favorable findings of program review planned in FY 1971.

2. Participants

Field of Training	No. and Duration Man/Mon. FY 1972	No. and Duration Man/Mon. FY 1973	Position Agency and Location
Rural Elec. Coop.		10/40	To be selected from Pilot Projects and other designated areas
Rural Elec. Organisation, Management and Loan Procedures		3/12	To be selected from Center
Rural Electrification Senior Officers		7/7	To be selected from Center and States

3. Other inputs

Items	Quantity or Volume	Intended Use
Miscellaneous training and demonstration materials to be made available to each of 5 technicians assigned to a project.		To permit effective training programs by providing references, supplies, professional equipment, and miscellaneous expenses not normally available through GSI sources

B. R.E.C.

RRC will provide a liaison with project leadership, State Governments, and State Electricity Boards to assure the necessary logistic support for the U.S. specialists to permit their services to be fully utilized.

The RRC will, with the assistance of the Phase IV specialists, establish guidance for the organization, engineering and construction for Phase IV development.

Participants provided for in this OWS will be selected in a manner that will permit an orderly development of Electric Cooperatives in India.

J. P. Bandyopadhyay
Rural Electrification Corporation

Russell O. Olson
U. S. Agency for International Development

Date: 10th February 1971

Date: 10 Feb 1971

[Signature]
Ministry of Irrigation
and Power
Government of India

Date: 10th February 1971

PRO AG

PROJECT AGREEMENT
 BETWEEN THE DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT (AID),
 AN AGENCY OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA, AND
 THE MINISTRY OF FINANCE (MOF) PD-AAD-103
 AN AGENCY OF THE GOVERNMENT OF INDIA (GOI)

The above-named parties hereby mutually agree to carry out a project in accordance with the terms set forth herein and the terms set forth in any annexes attached hereto, as checked below:

- PROJECT DESCRIPTION ANNEX A FOREIGN CURRENCY STANDARD PROVISIONS ANNEX
 STANDARD PROVISIONS ANNEX SPECIAL LOAN PROVISIONS ANNEX

This Project Agreement is further subject to the terms of the following agreement between the two governments, as modified and supplemented:

GENERAL AGREEMENT FOR TECHNICAL COOPERATION DATE: Dec. 28, 1950

ECONOMIC COOPERATION AGREEMENT DATE:

(other) as extended June 29, 1957
 DATE: Jan 5, 1952

1. PROJECT/ACTIVITY NO. 386-11-220-342 PAGE 1 OF 1 PAGES

2. AGREEMENT NO. Supplement No. 5 3. ORIGINAL OR REVISION NO.

4. PROJECT/ACTIVITY TITLE
 Rural Electric Cooperatives Development

5. PROJECT DESCRIPTION AND EXPLANATION
 (See Annex A attached) Sp.

6. AID APPROPRIATION SYMBOL Dollars: 72-1121004 7. AID ALLOTMENT SYMBOL 254-50-386-00-69-21
 Rupees: 72FT800 147-50-386-00-69-00

8. AID FINANCING		PREVIOUS TOTAL IN YEAR ENDING	INCREASE (B)	DECREASE (C)	TOTAL TO DATE (D)
<input checked="" type="checkbox"/> DOLLARS	<input type="checkbox"/> LOCAL CURRENCY				
(a) Total Dollars	0	June 30, 1972	296,000	0	296,000
(b) Contract Services	0		222,000	0	222,000
(c) Commodities	0		2,000	0	2,000
(d) Other Costs/Participants	0		72,000	0	72,000
9. COOPERATING AGENCY FINANCING - Rupees					
Rupee FINANCING - Rupees					
Rs. 7.60					
(a) Total Trust Fund Rupees	0		900,000	0	900,000*
(b) Technical and other Services	0		670,000	0	670,000
(c) Commodities	0		0	0	0
(d) Other Costs/Participants	0		230,000	0	230,000

10. SPECIAL PROVISIONS (Use Additional Continuation Sheets, if Necessary)
 See description of project in Annex A attached.

* Equivalent to U.S. \$118,421

11. DATE OF ORIGINAL AGREEMENT: October 13, 1971 12. DATE OF THIS REVISION: Not Applicable 13. ESTIMATED FINAL CONTRIBUTION DATE: June 30, 1974

14. FOR THE COOPERATING GOVERNMENT OR AGENCY: 15. FOR THE AGENCY FOR INTERNATIONAL DEVELOPMENT

Sd/- Sd/-
 SIGNATURE: S. Santhi DATE: 7.10.71 SIGNATURE: Howard E. Houston DATE: Oct. 13, 1971
 TITLE: Director (TC), Ministry of Finance TITLE: Minister-Director
 Department of Economic Affairs U.S.A.I.D. Mission to India

AID 1880-1A (3-70) PRO AG CONTRIBUTION SHEET ANNEX A	PROJECT AGREEMENT BETWEEN AID AND	1. Project/Activity No. 386-11-220-342	PAGE 1 OF 2 PAGES
	THE MINISTRY OF FINANCE	2. Agreement No. 148 Supplement No. 5	3. <input checked="" type="checkbox"/> Original or Revision No. _____
	AN AGENCY OF THE GOVERNMENT OF INDIA (GOI)	3. Project/Activity Title Rural Electric Cooperatives Development	

This Project Agreement is executed pursuant to the Technical Cooperation Agreement entered into between the Governments of India and the United States of America on January 5, 1952, and is signed by the designated representatives of the two governments - S. Santhi, Director (TC), Ministry of Finance of the Government of India (hereinafter referred to as the "Representative") and Howard E. Houston, Minister-Director, U.S. Agency for International Development Mission to India of the Government of the United States of America (hereinafter referred to as the "Director").

Description of Project

In furtherance of the purposes and objectives of Project Agreement No. 148, as supplemented and amended, it is hereby agreed to extend U.S. technical assistance to this project into FY 1973.

Supplement No. 4, as amended, provided for the services of six U. S. technicians and two consultants under contract with the National Rural Electric Cooperative Association (NRECA) through March 31, 1972, in accordance with the Operational Work Plan attached as Annex B to Amendment No. 2 thereof.

Under this Supplement No. 5, A.I.D. and the GOI hereby agree to make available additional \$2,000,000 from Development Grant Funds and Rs 700,000 from the GOI Trust Fund as follows:

- (a) \$222,000 and Rs 670,000 to forward fund the services of six U.S. technicians and three short-term consultants under the NRECA contract through March 31, 1973, in accordance with the OWP attached as Annex B to Amendment No. 2 to Supplement No. 4.
- (b) \$2,000 for procurement of U.S. titled commodities for support of the U.S. technicians.
- (c) \$72,000 and Rs 230,000 to cover the cost of U.S. training and international travel of 20 participants as described in the OWP attached as Annex B to Amendment No. 2 to Supplement No. 4. (Authorization for these participants was deferred to FY 1972.)

AID 1880-1A (3-72)	PROJECT AGREEMENT BETWEEN AID AND THE MINISTRY OF FINANCE	1. Project/Activity No. 386-11-220-342	PAGE 2 OF 2 PAGES
PRO AG CONTINUATION SHEET		AN AGENCY OF THE GOVERNMENT OF INDIA (GOI)	2. Agreement No. 148 Supplement No. 5
ANNEX A			3. Project/Activity Title Rural Electric Cooperatives Development

It is agreed hereby that additional funds necessary to extend the contract services beyond March 31, 1973 through completion in December 1973, and to cover the cost of U.S. training of 20 additional participants (stated as FY 73 participants in the above referred OWP), will be provided later, subject to the availability of funds.

All other provisions of Supplement No. 4, as amended, will remain unchanged.

**PROJECT AGREEMENT
BETWEEN THE DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT (AID),
AN AGENCY OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA, AND
THE MINISTRY OF FINANCE**

AN AGENCY OF THE GOVERNMENT OF INDIA (GOI)

The above-named parties hereby mutually agree to carry out a project in accordance with the terms set forth herein and the terms set forth in any annexes attached hereto, as checked below:

- PROJECT DESCRIPTION ANNEX A FOREIGN CURRENCY STANDARD PROVISIONS ANNEX
- STANDARD PROVISIONS ANNEX SPECIAL LOAN PROVISIONS ANNEX

This Project Agreement is further subject to the terms of the following agreement between the two governments, as modified and supplemented:

- GENERAL AGREEMENT FOR TECHNICAL COOPERATION DATE: Dec. 28, 1950
- ECONOMIC COOPERATION AGREEMENT DATE:
- (as amended) DATE: JUL. 2, 1952
as extended June 29, 1957

1. PROJECT/ACTIVITY NO. **386-11-220-342** PAGE 1 OF 1 PAGE

2. AGREEMENT NO. **148**, AMENDMENT No. 1 to Supplement No. 5 3. REVISION NO. **1 (FY 72)**

4. PROJECT/ACTIVITY TITLE
Rural Electric Cooperatives Development

5. PROJECT DISENTERMINATION AND REFINANCING
(See Annex A attached)

6. AID APPROPRIATION CYCLES 7. AID ALLOTMENT CYCLES
Dollars: 72-112100/ 254-50-386-00-69-33
Rupees: 72FT800 147-50-386-00-69-00

8. AID FINANCING	PREVIOUS TOTAL	INCREASE (\$)	INCREASE (₹)	TOTAL TO DATE (\$)
(a) Total Dollars	60,500 ^{a/}	0	15,000	45,500
(b) Contract Services	60,500 ^{a/}	0	15,000	45,500
(c) Commodities	0	0	0	0
(d) Other Costs/Participants	0 ^{a/}	0	0	0
9. COOPERATING AGENCY FINANCING - DOLLAR EQUIVALENT				
Rupee = Rs. 7.60				
(a) Total Trust Fund Rupees	362,000 ^{a/}	0	44,000	318,000*
(b) Technical and other Services	362,000 ^{a/}	0	44,000	318,000
(c) Commodities	0	0	0	0
(d) Other Costs/Participants	0 ^{a/}	0	0	0

10. SPECIAL PROVISIONS (Use Additional Contribution Sheet, if necessary)

For description of project see Annex A attached.

^{a/} Represent adjusted figures per Houston-Krishnaswami letter dated June 7, 1972.

* Equivalent to U.S. \$41,842.

11. DATE OF ORIGINAL AGREEMENT: **October 13, 1971** 12. DATE OF THIS REVISION: **October 26, 1972** 13. ESTIMATED FINAL CONTRIBUTION DATE: **March 21, 1972**

14. FOR THE COOPERATING GOVERNMENT OR AGENCY: 15. FOR THE AGENCY FOR INTERNATIONAL DEVELOPMENT:

Sd/- **S. Santhi** DATE: **18.10.72** Sd/- **Howard E. Houston**
Director (TC), Department of Minister-Director

PRO AG CONTINUATION SHEET ANNEX A	PROJECT AGREEMENT BETWEEN AID AND THE MINISTRY OF FINANCE	1. Project/Activity No. 386-11-220-342	PAGE 1 OF 1 PAGE
	IN AGENCY OF THE GOVERNMENT OF INDIA	2. Agreement No. 148, Amendment No. 1 to Supplement No. 5	3. Revision No. 1 (FY 72)
		3. Project/Activity Title Rural Electric Cooperatives Development	

This Supplementary Project Agreement is executed pursuant to the Technical Cooperation Agreement entered into between the Governments of India and the United States of America on January 5, 1952 and is signed by the designated representatives of the two governments - S. Santhi, Director (TC), Ministry of Finance of the Government of India (hereinafter referred to as the "Representative") and Howard E. Houston, Minister-Director, U.S. Agency for International Development Mission to India of the Government of the United States of America (hereinafter referred to as the "Director").

Description of Project

The purpose of this Amendment No. 1 to Supplement No. 5 to Project Agreement No. 148 is to confirm and clarify the U.S. inputs authorized by Supplement No. 5 as amended by Houston-Krishnaswami letter of June 7, 1972.

It is confirmed hereby that participant training previously authorized has been cancelled. It is further clarified that the following three technicians on board as of June 1, 1972 will continue to serve during FY 1973:

Rural Electric Management Specialist	-	J. L. Taylor
Rural Electric Management Specialist	-	J. D. Lasater
Rural Electric Management Specialist	-	L. E. Sansing

Funds provided under Supplement No. 5 as amended through this Amendment No. 1, will cover the three on-board technicians through March 31, 1973. Funds previously provided for two short-term consultants and an executive visitor are hereby deobligated. It is understood that additional funds necessary to extend the contract services beyond March 31, 1973 will be provided later, subject to the availability of funds.

It is agreed hereby that no Operational Work Plan for the July 1972-June 1973 period will be prepared by the Ministry of Irrigation and Power and A.I.D.

Except as amended herein all other provisions of Supplement No. 5 remain unchanged.

AID 1880-1A (3-78) PRO AG CONTINUATION SHEET ANNEX A	PROJECT AGREEMENT BETWEEN AND AND THE MINISTRY OF FINANCE	1. Project/Activity No. 386-11-220-312	PAGE <u>1</u> OF <u>1</u> PAGES
	AN AGENCY OF THE GOVERNMENT OF INDIA	2. Agreement No. 148 Supplement No. 6	3. <input checked="" type="checkbox"/> Original (IV 73)
		3. Project/Activity Title Rural Electric Cooperatives Development	

This Supplementary Project Agreement is executed pursuant to the Technical Cooperation Agreement entered into between the Governments of India and the United States of America on January 5, 1952 and is signed by the designated representatives of the two governments - S. Santhi, Director (FC), Ministry of Finance of the Government of India (hereinafter referred to as the "Representative") and Howard E. Houston, Minister-Director, U.S. Agency for International Development Mission to India of the Government of the United States of America (hereinafter referred to as the "Director").

Description of Project

The purpose of this Supplement No. 6 to Project Agreement No. 148 is to extend U.S. assistance to the project through June 30, 1973.

Supplement No. 5, as amended, provided for the continuation of contract services through March 31, 1973. Under this Supplement No. 6, it is agreed hereby to provide additional \$53,000 and Rs. 228,000 to extend the services of three on-board technicians and to cover their local support costs, including salaries, benefits, and retrenchment compensation of Indian administrative and clerical employees, under NRECA contract, through June 30, 1973.

All other provisions of Supplement No. 5, as amended, will apply to this Supplement No. 6.