

AGREEMENT dated as of _____, 1945, at the City of Washington, District of Columbia, between the Government of India (hereinafter called India), the Reserve Bank of India (hereinafter called the Bank), and the Secretary of the Treasury of the United States (hereinafter called the Secretary).

WHEREAS, conditions arising out of the present war have seriously threatened to inflate the price level in India, thus endangering the stability of the United States dollar - Indian rupee rate of exchange;

WHEREAS, to combat this tendency gold has been sold in India for the account of the United States and the rupees obtained therefor have been used only to meet military expenditures of the United States in India; and

WHEREAS, when military operations of the United States in India terminate there may be a balance of rupees which have accrued from such gold sales;

NOW, THEREFORE, in order to provide for the orderly liquidation of such rupee balances and in consideration of the premises and of the mutual covenants herein contained, it is agreed as follows:

1. Commencing ninety days after the receipt of notice from the Secretary or the Federal Reserve Bank of New York as Fiscal Agent of the United States (hereinafter in its capacity as Fiscal Agent of the United States called the Federal) containing such request, India and/or the Bank shall purchase, or cause to be purchased, in twelve equal installments at the end of each three-month period during the next succeeding three years, in United States dollars by payments at the Federal Reserve Bank of New York, all of the rupees held in the account on the books of the Bank in the name of "Federal Reserve Bank of New York." The purchase price shall be computed at the rate or rates at which such rupees were transferred to the account on the books of the Bank in the name of "Federal Reserve Bank of New York", converting each fine troy ounce of gold represented by such rupees at thirty-five United States dollars.

2. Any notice given by the Secretary or the Federal either to India or to the Bank shall be deemed and taken as full notice to both India and the Bank, and the notice may be given by the Secretary or the Federal to India at the office of the Finance Member of the Viceroy's Council at New Delhi, India, or to the Agent-General of India at Washington, D.C., or to the Bank at its head office at Bombay, India.

3. Each of the parties to this Agreement shall take and cause to be taken all the necessary measures to effectuate the purposes and intent of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate.

SECRETARY OF THE TREASURY OF THE UNITED STATES

GOVERNMENT OF INDIA

By _____

RESERVE BANK OF INDIA

By _____