

***Treaty of Trade, Treaty of Transit and  
Trade Related Agreements  
Between  
Government of Nepal  
and  
Neighbouring Countries***

**(India, People's Republic of China & Bangladesh)**

(Amended and updated up to July 2010)

**Published by:**

**Nepal Transit and Warehousing Company Limited**

(An Undertaking of Government of Nepal)

Head Office: Battishputali, Araniko Marg, P.O.Box No: 1194

Old Baneswor, Kathmandu, Nepal

Phone: 4460564, 4468421, Fax No. 977-1-4464361

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## **Disclaimer:**

The Nepal Transit and Warehousing Company Limited endeavor, using its best effort to provide accurate text of treaties, agreements, protocol, memorandum and Letter of Exchange from Ministry of Commerce and Supplies and publish it in the original form avoiding any mistakes in editing and printing. However, NTWCL do not make any representation or take responsibility for any omission and error.

## **MESSAGE**

It gives me immense pleasure to note that Nepal Transit and Warehousing Company (Ltd.) is bringing out a compendium compiling different treaties and agreements concluded between Nepal and her neighbors namely India, China and Bangladesh in trade, transit and trade related matters. As a land locked country, trade with neighboring countries has significant importance and relevance for Nepal to boost her economy. The collection of treaties and agreements will serve as an useful document for those who are interested to know the market access opportunities and trading conditions of Nepal.

Nepal Transit and Warehousing Company (Ltd.) is a public sector undertaking responsible for carrying out port and cargo handling and warehousing activities to facilitate Nepalese transit trade. The Company is also responsible for clearing, forwarding and undertaking of Nepalese cargo in accordance with Nepal-India Treaty of Transit. Thus the Company has a very important role in facilitating Nepalese trade in general and the third country trade in particular.

Nepal has been adopting and implementing liberal trade policies for last two decades. As concurrent world economy is over-whelmingly guided by trade, Nepal is striving for reaping benefits of globalization through liberalizing trade policies and strengthening trade infrastructures both in government and private sector. Nepal has so far completed almost one and a half dozen bilateral trade treaties with different countries around the world and entered into multi-lateral trading system with the accession to WTO in April, 2004. Similarly, to foster trade at regional level, Nepal has become the member of SAFTA and BIMSTEC in the same year. All these are happening because of adoption of liberalized trade and economic policies.

I believe that this publication will be an important step in disseminating important and authentic information to the common public, academia, researchers, entrepreneurs, businesspersons, concerned officials and other interested readers who frequently come into contact with Nepal's trade and transit issues in different ways. Finally, I would like to extend my sincere thanks to those officials of Ministry of Commerce and Supplies (MOCS) and NTWCL, for their hard work in bringing out this issue.

(Purushottam Ojha)  
Secretary  
**Ministry of Commerce and Supplies**  
**Government of Nepal**

## **FOREWORD**

Nepal Transit and Warehousing Company Limited is bringing out the revised edition of the latest text of the Treaty of Transit, Treaty of Trade and Trade Related Agreements between Government of Nepal and Neighboring Countries (India, People's Republic of China & Bangladesh) with the aim of providing consolidated information to the related agencies.

I thank all the officials of this Company who have contributed in bringing out this present revised edition. I hope this book will be beneficial to all the users

**Yogendra Mahto  
Executive Chairman  
NTWCL**

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**TREATY OF TRANSIT  
BETWEEN  
HIS MAJESTY'S THE GOVERNMENT OF NEPAL  
AND  
THE GOVERNMENT OF INDIA**

His Majesty's Government of Nepal and The Government of India (hereinafter also referred to as the Contracting Parties),

Animated by the desire to maintain, develop and strengthen the existing friendly relations and co-operation between the two countries,

Recognising that Nepal as a land-locked country needs freedom of transit, including permanent access to and from the sea, to promote its international trade,

And recognising the need to facilitate the traffic - in-transit through their territories,

Have resolved to extend the validity of the existing treaty of transit, with modifications mutually agreed upon, and

Have for this purpose appointed as their plenipotentiaries the following persons namely,

(Shri Ramakrishna Hegde)

Minister of Commerce

For the Government of India

(Shri Purna Bahadur Khadka)

Minister of Commerce

For His Majesty's Government of Nepal

Who, having exchanged their full powers, and found them good and in due form, have agreed as follows:

**ARTICLE I**

The Contracting Parties shall accord to "traffic-in-transit" freedom of transit across their respective territories through routes mutually agreed upon. No distinction shall be made which is based on flag of vessels, the places of origin, departure, entry, exit, destination, ownership of goods or vessels.

**ARTICLE II**

- (a) Each Contracting Party shall have the right to take all indispensable measures to ensure that such freedom, accorded by it on its territory does not in any way infringe its legitimate interests of any kind.
- (b) Nothing in this Treaty shall prevent either Contracting Party from taking any measures which may be necessary for the protection of its essential security interests.

**ARTICLE III**

The term "traffic-in-transit" means the passage of goods, including unaccompanied baggage, across the territory of a Contracting party when the passage is a portion of a complete journey which begins or terminates within the territory of the other Contracting Party. The transhipment, warehousing, breaking bulk and change in the mode of transport of such goods

as well as the assembly, dis-assembly or re-assembly of machinery and bulky goods shall not render the passage of goods outside the definition of "traffic-in transit" provided any such operation is undertaken solely for the convenience of transportation. Nothing in this Article shall be construed as imposing an obligation on either Contracting Party to establish or permit the establishment of permanent facilities on its territory for such assembly, dis-assembly, or re-assembly.

#### **ARTICLE IV**

Traffic -in-transit shall be exempt from customs duties and from all transit duties or other charges, except reasonable charges for transportation and such other charges, as are commensurate with the costs of services rendered in respect of such transit.

#### **ARTICLE V**

For convenience of traffic -in-transit, the Contracting Parties agree to provide at point or points of entry or exit, on such terms as may be mutually agreed upon and subject to their relevant laws and regulations prevailing in either country, warehouses or sheds, for the storage of traffic-in-transit awaiting customs clearance before onward transmission.

#### **ARTICLE VI**

Traffic -in-transit shall be subject to the procedure laid down in the Protocol here to annexed and as modified by mutual agreement. Except in cases of failure to comply with the procedure prescribed, such traffic-in-transit shall not be subject to avoidable delays or restrictions.

#### **ARTICLE VII**

In order to enjoy the freedom of the high seas, merchant ships sailing under the flag of Nepal shall be accorded, subject to Indian laws and regulations, treatment no less favourable than that accorded to ships of any other foreign country in respect of matters relating to navigation, entry into and departure from the ports, use of ports and harbour facilities, as well as loading and unloading dues, taxes and other levies, except that the provisions of this Article shall not extend to coastal trade.

#### **ARTICLE VIII**

Notwithstanding the foregoing provisions, either Contracting Party may maintain or introduce such measures or restrictions as are necessary for the purpose of:

- (i) protecting public morals;
- (ii) protecting human, animal and plant life;
- (iii) safeguarding national treasures;
- (iv) safeguarding the implementation of laws relating to the import and export of gold and silver bullion; and
- (v) safeguarding such other interests as may be mutually agreed upon.

#### **ARTICLE IX**

Nothing in this Treaty shall prevent either Contracting Party from taking any measures which may be necessary in pursuance of general international conventions, whether already in existence or concluded hereafter, to which it is a party, relating to transit, export or import of particular kinds of articles such as narcotics and psychotropic substances or in pursuance of

general conventions intended to prevent infringement of industrial, literary or artistic property or relating to false marks, false indications of origin or other methods of unfair competition.

## **ARTICLE X**

In order to facilitate effective and harmonious implementation of this Treaty the Contracting Parties shall consult each other regularly.

## **ARTICLE XI\*\*\***

The revalidated and modified Treaty shall enter into force on 6<sup>th</sup> January 1999. It shall remain in force upto the 5<sup>th</sup> January 2006 and shall, thereafter, be automatically extended for a further period of seven (7) years at a time, unless either of the parties gives to the other a written notice, six months in advance, of its intention to terminate the Treaty provided further that the modalities, routes, conditions of transit and customs arrangement, as contained in the Protocol and Memorandum to the Treaty shall be reviewed and modified by the contracting parties every seven years, or earlier if warranted, to meet the changing conditions before the automatic renewal and such modifications shall be deemed to be the integral part of the Treaty.

This Treaty may be amended or modified by mutual consent of the Contracting Parties.

Done at Kathmandu on 5<sup>th</sup> January 1999

Sd.

Purna Bahadur Khadka

Minister of Commerce

For His Majesty's Government of Nepal

Sd.

Ramakrishna Hegde

Minister of Commerce

For the Government of India

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\*\*\* *Extended for a period of seven years until 5th January 2013 by the letters of exchange between Government of Nepal and Government of India on 30th March 2006.*

**PROTOCOL  
TO THE TREATY OF TRANSIT  
BETWEEN  
NEPAL AND INDIA**

**I. With Reference to Article V**

1. The following warehouses, sheds and open space, or such other warehouses, sheds and open space as the Trustees of the Port of Calcutta may offer in lieu thereof, shall be made available for the storage of transit cargo (other than hazardous goods) meant for transit to and from Nepal through India in accordance with the procedure contained in the Memorandum to the Protocol;

**(I) COVERED ACCOMMODATION**

|   |  |
|---|--|
| 'A' shed Kidderpore Docks-<br>(including 'A' Annex) | Covering approximately 3135***<br>Square meters. |
| Shed No. 27 Kidderpore -                            | Covering approximately 3700<br>Square meters.    |
| Calcutta Jetty Shed No. 8 -                         | Ground Floor. ***                                |

**(II) OPEN SPACE**

|  |   |
|--|---|
| Open land at Circular-Garden-<br>Reach Road      | Covering approximately 4972<br>Square meters. |
| Residential cum office-land - space<br>at Haldia | Covering approximately 2000<br>Square meters  |
| Open land space at Haldia-Dock<br>interior zone  | Covering approximately 6985<br>Square meters. |

2. The above storage facilities shall be given on lease by the Trustees of the Port of Calcutta (hereinafter referred to as the Trustees) to an undertaking incorporated in accordance with the relevant Indian laws and designated by His Majesty's Government of Nepal for this purpose (hereinafter referred to as the Lessee).
3. The terms of the lessee to be entered into between the Trustees and Lessee shall conform to 'Long-term Lease-Godown' and 'Commercial Lease-Land-Long term' of the Trustees. The leases will be for twenty-five years.
4. Kidderpore Dock berth No.27 shall be assigned by Calcutta Port Trust as a preferential berth to the Lessee on such terms as applicable from time to time to shipping lines of India if such a lease is finalised within six months of the renewal of the Treaty. If however, this option is not exercised within this period, charter vessels carrying traffic in transit of Nepal may be assigned to 27 K.P.D. berth on a priority basis, to the extent possible.

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\*\*\* *Deleted by the Letters of Exchange between Government of Nepal and Government of India on 30th March 2006.*

5. The lease rent shall be determined in accordance with the schedules of rent charges as determined by the Trustees-in-Meeting from time to time.
6. The Transit cargo shall be subject to the levy of all charges by the Trustees in accordance with their schedule of charges in force from time to time.
7. The Lessee shall be permitted to own or operate a number of trucks and barges in the port area in connection with the storage of cargo in transit in the said areas, subject to compliance with the normal rules and regulations applicable to trucks and barges plying in the port area.
8. The Commissioner of Customs, Calcutta, in accordance with the relevant provisions of the laws and regulations, will provide the Lessee a Customs House Agent's licence for the clearance at the Port of Calcutta of traffic-in-transit from and to Nepal. If a licence is also required from the Port of Calcutta for this work, Calcutta Port Trust will provide such licence in accordance with the relevant provisions of their bylaws/regulations.
9. The owner of goods or the lessee, if authorised by owner, may under the supervision of the proper officer of the India Customs:
  - (i) inspect the goods;
  - (ii) separate damaged or deteriorated goods from the rest;
  - (iii) sort the goods or change their containers for the purpose of preservation for onward transmission; and
  - (iv) deal with the goods and their containers in such a manner as may be necessary to prevent loss of, deterioration of or damage to the goods.
10. The warehouses shall function during the normal working hours under the supervision of officers to be provided by the Calcutta Customs House. Where, however, such functioning is necessary outside the office hours, officers for supervision would be provided by the said Customs House on payment of the prescribed fees.

**(II) With Reference to Article VI**

1. Traffic -in-transit via Calcutta shall –
  - (i) pass only through one of the mutually agreed routes connecting the following entry and exit points:
 

|     |          |                       |
|-----|----------|-----------------------|
| (a) | Calcutta | Sukhia Pokhari        |
| (b) | Calcutta | Naxalbari (Panitanki) |
| (c) | Calcutta | Galgalia              |
| (d) | Calcutta | Jogbani               |
| (e) | Calcutta | Bhimnagar             |
| (f) | Calcutta | Jayanagar             |
| (g) | Calcutta | Bhitamore (Sitamarhi) |
| (h) | Calcutta | Raxaul                |
| (i) | Calcutta | Nautanwa (Sonauli)    |
| (j) | Calcutta | Barhni                |

|     |          |                |
|-----|----------|----------------|
| (k) | Calcutta | Jarwa          |
| (l) | Calcutta | Nepalgunj Road |
| (m) | Calcutta | Tikonia        |
| (n) | Calcutta | Gauri-Phanta   |
| (o) | Calcutta | Banbasa        |

Note: Calcutta shall include Haldia.

**NOTE:**<sup>\*\*\*</sup>

- (i) Kolkata – Raxaul route also includes movement of goods-in-transit by direct train services from Calcutta/Haldia Ports to Birgunj in Nepal via Raxaul.
- (ii) The operation of rail services between Kolkata/Haldia Ports and Birgunj in Nepal would continue to be governed by the India-Nepal Rail Services Agreement, while transit of goods shall be governed by the Treaty of Transit. Procedure for Customs examination and clearance for goods on this route are annexed to the Rail Service Agreement and are also set out in Memorandum II.

Provided that:

- (a) these routes may be discontinued or new ones added by mutual agreement;
  - (b) the traffic-in-transit shall be allowed to move through alternative road or roads, with prior permission of the nearest Indian Customs Officer, not below the rank of Superintendent, if the specified road or roads become unserviceable or unusable due to unforeseen event; and
  - (c) bulk traffic, such as fertilizer, cement, etc. moving by rail shall pass through the route connecting Calcutta and Raxaul, or any other agreed route, subject to prior intimation being given to Indian Customs as and when such movements are anticipated.
- (ii) Comply with the procedure as set out in the memorandum annexed hereto; and
  - (iii) Comply with any other detailed regulations, which may be prescribed through mutual consultation by the Contracting Parties in keeping with the nature of the commodity and the need expeditious movement and the safety of transport.
2. Wherever en-route it becomes necessary to break bulk in respect of consignments in transit, such breaking shall be done only under the supervision of the appropriate officials of the Indian Customs.
  3. All goods intended for transit to Nepal, while in the process of removal to or from the warehouses or other storage places that may be leased out in Calcutta

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*\*\*\* Modified by the Letters of Exchange between Government of Nepal and Government of India at on 30th March, 2006.*

Port for the storage of such goods and also while in storage or under the process of packing, storage, separation etc., in such warehouses or storage places, shall be subject to Indian laws and regulations.

4. The procedure in the following sub-paragraphs shall apply, mutatis mutandis, to road/rail transport:
  - (a) Arms, ammunition and hazardous cargo shall not be allowed to be transported by road.

**NOTE:**

1. With reference to hazardous cargo, exception can be permitted as shall be mutually agreed.
2. Petroleum products, chemical fertilizer and industrial alcohol shall be allowed, as exceptions in terms of Note. 1 above, to be transported by road, subject to compliance with fire, safety and other statutory requirements.
- \*\*\*  
(b) Goods declared sensitive for foreign trade by Government of India from time to time with prior intimation to His Majesty's Government of Nepal, shall be permitted transit on the following routes:
  1. Kolkata-Naxalbari (Panitanki), 2) Kolkata-Jogbani 3) Kolkata-Raxaul, 4) Kolkata-Raxaul-ICD Birgunj 5) Kolkata-Nautanwa (Sunauli), 6) Kolkata-Nepalgunj Road, 7) Kolkata-Banbasa,
  - (b1) Sensitive goods shall be permitted transit by marine container or pilfer-proof container trucks or railway wagons at the option of the importer/exporter.
  - (c) Bulk cargo such as boulders, fertilizer, cement, vegetables and fruits shall be permitted in open trucks also.
  - (d) Goods other than those mentioned at sub-paragraphs (a), (b) and (c) above shall be permitted transit by railway wagons or marine containers or pilfer-proof container trucks or any other trucks, capable of being sealed in a manner that will leave no visible trace or tampering, at the option of the importer.
  - (e) Pilfer-proof container trucks shall confirm to specifications mutually agreed upon and shall be capable of being locked and sealed. The containers shall be locked and sealed by the Indian Customs.
  - (f) Individual packages shall be sealed by Indian Customs provided that:
    - (i) sealing of individual packages may be dispensed with when they are imported packed in recognised containers, provided the entire contents of the container are consigned to the same person and the container is sealed and the provision of sub-paragraph (e) above is complied with;

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\*\*\* Modified by the Letters of Exchange between Government of Nepal and Government of India at on 30th March, 2006.

- (ii) sealing of individual packages may also be dispensed with when consignments consigned to different consignees are imported packed in one single recognised container, provided the entire contents of the container are transported in one single sealed container (not trucks) and the provision of sub-paragraph (e) above is complied with.
  - (g) If the truck breaks down, the nearest customs officer shall be approached with the least possible delay.
  - (h) The Contracting Parties may mutually agree to any other modifications that may be considered necessary from time to time.
5. Respecting each other's relevant laws, it is agreed that the Contracting parties will take all steps to prevent deflection of their mutual trade to third countries and to ensure compliance with the procedure for the transit of goods across their territories.
6. In order to facilitate the movement of traffic -in-transit, additional means of transport and facilities, mutually agreed upon, may be added.

## **MEMORANDUM TO THE PROTOCOL TO THE TREATY OF TRANSIT BETWEEN NEPAL AND INDIA**

**In pursuance of and subject to the provisions of the Protocol to the Treaty of Transit, His Majesty's Government of Nepal and the Government of India agree that the following detailed procedure shall apply to traffic -in-transit:**

### **IMPORT PROCEDURE**

When goods are imported from third countries for Nepal in transit through India, the following procedure shall be observed:-

1. (a) Transit of Nepalese imports, shall be allowed against import licences issued by The Government of Nepal, wherever such licences are issued, and letters of credit opened through a commercial bank in Nepal.
- (b) In case of Nepalese imports for which there is no requirement of import licence or letter of credit, the Royal Nepalese Consul General, Deputy Consul General of Consul at Calcutta shall furnish the following certificate on the Customs Transit Declaration:

"I have verified that the goods specified in this Declaration and of the quantity and value specified herein have been permitted to be imported by His Majesty's Government of Nepal without the requirement of import licence or letter of credit."

Signature and Seal

**Note:** His Majesty's Government of Nepal shall arrange to supply through the Embassy of India at Kathmandu or directly to the Commissioner of Customs, Calcutta, the specimen signature or signatures of official or officials who are authorised to sign import licences issued by His Majesty's Government of Nepal. It shall also arrange to have a copy each of the import licences, wherever such licences are issued by it for such goods, sent directly to the Commissioner of Customs, Calcutta.

2. At the Indian port of entry (hereinafter called the Customs House), the importer or his agent (hereinafter referred to as the importer) shall present a Customs Transit Declaration containing the following particulars:
  - (a) Name of the ship, Rotation number and Line number;
  - (b) Name and address of the importer;
  - (c) Number, description, marks and serial number of the packages;
  - (d) Country of consignment and country of origin, if different;
  - (e) Description of goods;
  - (f) Quantity of goods;
  - (g) Value of goods;
  - (h) Import licence number and date;
  - (i) Letter of credit number, date and name and address of issuing bank;

- (j) Route of transit (one of the mutually agreed routes); and
- (k) A declaration at the end in the following words:-

"I/We declare that the goods entered herein are for Nepal, in transit through India and shall not be diverted en-route to India, or retained in India"

"I/We declare that all the entries made herein above are true and correct to the best of my/our knowledge and belief".

Signature

3. The Customs Transit Declaration shall be made in sextuplicate. All copies along with the bill of lading, invoice, packing list and a copy of the import licence issued by His Majesty's Government of Nepal, wherever such licence is issued, and a copy of the letter of credit, authenticated by the Royal Nepalese Consulate in Calcutta or the issuing bank, shall be presented to the Customs House. The copy of the import licence and the letter of credit so presented shall be examined by the Customs House against the copy of the import licence and/or the statement of particulars of the letter of credit received directly from His Majesty's Government of Nepal. No other additional document may be asked for, except where considered necessary for clearance of specific goods.
4. Nepalese imports shall be removed to Nepal sheds within free time, if not already put in wagons or trucks. An authorization with removal instructions of the owner for the purpose shall be necessary for removal.
5. (a) In respect of containerized cargo, the following examination procedure shall be followed :
  - (i) On arrival of the Nepalese containerized cargo, the Indian customs officer posted at the seaport, shall merely check the 'one-time-lock' of the container put on by the shipping agent or the carrier authorised by the shipping company. If found intact, the customs officer shall allow transportation of the containerised cargo, without examination, unless there are valid reasons to do otherwise.
  - (ii) In case where the 'one-time-lock' on the container arriving at the seaport in India is found broken or defective, the Indian customs authorities shall make due verification of the goods to check whether the same are in accordance with the Customs Transit Declaration, put fresh 'one-time-lock' and allow the container to move to the destination. The serial number of the new 'one-time-lock' shall be endorsed in the Customs Transit Declaration.
- (b) In respect of non-containerised cargo, the Custom House shall make a selective percentage examination of the goods to check whether the goods are in accordance with the Customs Transit Declaration and confirm to the import licence, whether such licence is issued, and the letter of credit. Goods for Nepal as covered by the said licence and/or the said letter of credit and also in accordance with the Customs Transit Declaration shall be approved for onward transmission. However, in making such examination, avoidable delays shall be curtailed to the utmost in order to expedite the traffic-in-transit.

**NOTE :** The selective percentage examination referred to in sub-paragraph 5(b) shall mean that a percentage of the total packages in a consignment will be selected for examination and not that a percentage of the contents of each of the packages comprised in the consignment will be examined.

6. Goods shall be transported from the customs port of entry to the border land customs station by the means of the transport provided in sub-paragraphs (a), (b), (c) and (d) of paragraph 4 of the Protocol with reference to Article VI of the Treaty of Transit and shall be locked and sealed in the manner provided in sub-paragraph (e) of paragraph 4 of the Protocol with reference to Article VI of the Treaty of Transit after examination as mentioned above.
7. Where goods cannot be transported in closed wagon or pilfer-proof container trucks or sealed tarpaulin covered trucks and have to be transported in open wagons or flats or open trucks, detailed identifying particulars shall be recorded in the Customs Transit Declaration.
8. Small consignments of traffic-in-transit will be accepted for booking by railway from one of the agreed warehouses leased to Nepal Transit and Warehousing Company Ltd. provided the minimum load condition as applicable in Indian Railway is satisfied.
9. The sensitive goods, as specified by the Government of India from time to time with prior intimation to His Majesty's Government of Nepal, shall be covered by an insurance policy or a bank guarantee and/or such legally binding undertaking to the satisfaction of the Commissioner of Customs, Calcutta, in the manner indicated below:-
  - (a) Goods moving by rail up to the border shall be covered by an insurance policy or a bank guarantee, at the option of the importer, for an amount equal to the Indian customs duties on such goods. This insurance policy or bank guarantee shall be assigned to the Commissioner of Customs, Calcutta, and the amount shall become payable to the Commissioner in the event of the goods not reaching Nepal.
  - (b) Goods moving by road in trucks belonging to Nepal Transit and Warehousing Company Ltd. or Nepal Transport Corporation shall be covered by an insurance policy or a bank guarantee, at the option of the importer, for an amount equal to the Indian Customs duties on such goods. This insurance policy or bank guarantee shall be assigned to the Commissioner of Customs, Calcutta, and the amount shall become payable to Commissioner in the event of the goods not reaching Nepal. In addition, Nepal Transit and Warehousing Company Ltd. or Nepal Transport Corporation, as the case may be, shall give an undertaking to the Commissioner of Customs, Calcutta, to pay the difference between the market value of goods in India and their c.i.f. value plus Indian Customs duties in the event of the goods not reaching Nepal.
  - (c) Goods moving by road in trucks other than those mentioned at sub-paragraph (b) above shall be covered by an insurance policy or a bank guarantee, at the option of the importer, for an amount equal to the difference between the market value of the goods in India and their c.i.f. value. This insurance policy or bank guarantee shall be assigned to the Commissioner of Customs, Calcutta, and the amount shall become payable to the Commissioner in the event of the good not reaching Nepal.

- (d) The insurance policy shall be obtained by the importer from an insurance company authorised to do business in India on such terms and conditions, to the satisfaction of the Commissioner of Customs, Calcutta, which will guarantee that the insured amount shall become payable forthwith to the Commissioner on receipt of a notice to the insurance company from the Commissioner of Customs, Calcutta, after satisfying himself that the goods have not reached Nepal.

**NOTE : 1.** In respect of goods belonging and consigned to His Majesty's Government of Nepal under sub-paragraph (a) and (b) above, no insurance or bank guarantee shall be required, provided an undertaking or a further undertaking, as the case may be, is given by Nepal Transit and Warehousing Company Ltd. or Nepal Transport Corporation in lieu thereof.

2. No such requirements will be necessary in respect of goods carried by air without transshipment en-route or in such cases as may be mutually agreed upon.
3. In the event of goods carried by rail not reaching the booked destination, Indian Railways shall, where liable as carriers under the Indian Railways Act, pay the c.i.f. price to the importer.
4. When the Customs Transit Declaration, duly endorsed and authenticated, both by the border land customs stations in India and Nepal, is received at the corresponding Indian border land customs station within the prescribed period, it will be accepted as an evidence that goods have reached Nepal.
5. The expression "Indian Customs duties" wherever it appears in the Treaty, Protocol and Memorandum shall mean such duties as are levied on import of goods into India.

- 9A. For goods other than those specified as sensitive by the Government of India in terms of paragraph 9 above, the importer shall furnish, to the satisfaction of the Commissioner of Customs, Calcutta, a legally-binding undertaking that the amount equal to the difference between the market value of the goods in India and their c.i.f. value shall be paid, on demand, to the Commissioner of Customs, Calcutta, in the event of the goods not reaching Nepal.
- 9B. The Commissioner of Customs, Calcutta, shall provide to the concerned department of His Majesty's Government of Nepal, from time to time, details of cases where the goods, including those goods which have not been insured, do not appear to have crossed into Nepal. His Majesty's Government of Nepal shall thereupon carry out inquiries and make all possible efforts to ensure that the concerned persons pay the dues to the Government of India.
10. After the Customs House is satisfied as regards the checks contemplated in the preceding paragraphs, it shall endorse all the copies of the Customs Transit Declaration. The original copy shall be handed over to the importer. The duplicate and triplicate will be sent by post to the Indian border customs officer and the remaining copies shall be

retained by the Customs House. In order to avoid delay in postal transmission, duplicate and triplicate copies of the Customs transit Declaration, along with copy of the original railway receipt, shall be handed over to the importer or his authorized representative in a sealed cover, if he so desires. This facility shall, however, be denied to the importer who defaults in the production of these documents within a reasonable time to the Indian border customs officer.

11. In case of any suspicion of pilferage, traffic-in-transit shall be subject to checks by the Indian Customs during the period that they are in transit, as may be necessary, particularly at the point of railway transhipment from broad-gauge to meter-gauge.
12. (a) on arrival of the containerised cargo at the border land customs station or at the border railway station, as the case may be, the following examination procedure will be followed:
  - (i) On arrival of the Nepalese containerised cargo, the Indian customs authorities posted at the land customs station or the railway station shall merely check the 'one-time-lock' of the container put on by the shipping agent or the carrier authorised by the shipping company or the customs authorities at the sea port or during the transit and, if found intact, shall approve for onward transmission of the containerised cargo, without examination of the cargo unless there are valid reasons to do otherwise.
  - (ii) In case where the 'one-time-lock' of the container is found broken or defective, the Indian customs authorities posted at the land customs station or the railway station, as the case may be, shall make due verification of the goods to check whether the goods are in accordance with Customs Transit Declaration and conform to the import licence, wherever such licence is issued, and the letter of credit.
  - (iii) If, on verification, the goods are found in accordance with the Customs Transit Declaration and conform to the import licence, wherever such licence is issued, and the letter of credit, the Indian customs authorities posted at the border land customs station or the railway station shall put fresh 'one-time-lock' and approve for onward transmission of the container. The serial number of the new 'one-time-lock' shall be endorsed by the Indian customs authorities posted at the border land customs station or the railway station on the Customs Transit Declaration.
- (b) On arrival of the non-containerised cargo at the border land customs station or at the border railway station, as the case may be, the following examination procedure will be followed:
  - (i) The sealed railway wagons or the sealed marine containers or the sealed pilfer-proof containerised trucks or the sealed tarpaulin covered trucks, as the case may be, shall be presented to the Indian customs authorities posted at the border land customs station or the railway station, who shall examine the seals and locks and, if satisfied, shall permit onward transmission, or the unloading or breaking of bulk, as the case may be, without examination of the cargo unless there are valid reasons to do otherwise.

- (ii) In cases where seals and locks on the wagons or on the marine containers or on the pilfer-proof containerised trucks or on the tarpaulin covered trucks or on the packages are found broken or defective, or there is suspicion otherwise, the Indian customs authorities posted at the border land customs station or the railway station, as the case may be, shall examine the goods to check whether the goods are in accordance with the Customs Transit Declaration and conform to the import licence, wherever such licence is issued, and the letter of credit. Goods for Nepal, as covered by the said licence, wherever such licence is issued, and the said letter of credit and also in accordance with the Customs Transit Declaration shall be approved for onward transmission through such escorts or supervision as may be necessary to ensure that the goods cross the border and reach Nepal. However, in making such examination, avoidable delays shall be curtailed to the utmost in order to expedite the traffic -in-transit.
- (c) On arrival of the traffic-in-transit in open trucks, or open railway wagons, the Indian customs authorities at the border land customs station shall carry out such selective percentage examination as is deemed necessary to ensure that goods are in accordance with the Customs Transit Declaration and conform to import licence, wherever such import licence is issued, and the letter of credit.
- 12A. On arrival of traffic-in-transit mentioned at sub-paragraphs (a), (b) and (c) of paragraph 12 above at the border land customs station or at border railway station, as the case may be, the importer shall present the original copy of the Customs Transit Declaration duly endorsed by the Indian Customs House of entry, to the Indian customs officer at the border land customs station, who shall compare the original copy with the duplicate and triplicate received by him and will, after satisfying himself as regards the checks contemplated at sub-paragraphs (a), (b) and (c) of paragraph 12 above, endorse all the copies of the Customs Transit Declaration. The goods in transit shall be allowed onward movement by road or by rail, as the case may be, only after clearance as above by the Indian customs officer at the land customs station or the railway station. The Indian customs officer shall, thereafter, through such escorts or supervision as may be necessary, ensure that the goods cross the border and reach Nepal. He, or in cases where there is an Indian customs officer posted right at the border, such officer will certify on the copies of the Customs Transit Declaration that goods have crossed into Nepal. The Indian customs officer shall then hand over the original copy of the Customs Transit Declaration to the importer, send the duplicate to the Indian Custom House at the port of entry, send the triplicate to the Nepalese customs officer at the corresponding Nepalese post and after it is received back duly endorsed by the Nepalese customs officer, retain it for his records.
13. If a consignment in transit is received at destination in more than one lot, the separate lots of the consignment covered by one Customs Transit Declaration may be presented in separate lots and the Indian customs officer at the border shall release the goods so presented after necessary examination and check of relevant documents and goods and after making the necessary endorsement. In such a case the Indian Customs officer at the border shall send the triplicate copy of Customs Transit Declaration to the Nepalese

- customs officer at the corresponding Nepalese post only after release of the entire consignment as covered by the Customs Transit Declaration.
14. In cases where the duplicate and triplicate copies of the Customs Transit Declaration are not received at the customs office of that the Indian customs office will, by telephonic or other quick means of communication with the customs office of entry, seek confirmation to ensure against delay and then on the basis of aforesaid confirmation allow dispatch of goods.
15. The Nepalese Customs officer shall:
- (i) endorse a certificate over his signature and authenticate it under a customs stamps on the original copy of the Nepalese import licence, if any, letter of credit and the original and the triplicate copy of the Customs Transit Declaration that the packages correspond in all material respects with the particulars shown in the Declaration and in all material respects with the Nepalese import licence and the letter of credit, wherever required or opened as the case may be, and that the goods have been cleared from the Nepalese Customs custody for entry into Nepal.
  - (ii) hand over, under acknowledgement, duly endorsed and authenticated original copy of the Customs Transit Declaration to the importer, who will present it to the corresponding Indian border land customs station under acknowledgement within fifteen days of the date on which transit was allowed at the Indian port of importation or such extended time as the concerned Assistant Commissioner of Indian Customs may allow. For every week or part thereof delay in presenting the original Customs Transit Declaration duly certified as above, the importer shall pay a sum of Rupee 1/- for every Rupees 1000/- of the Indian market price of the goods to the Assistant Commissioner of Customs of the concerned Indian border land customs station.
  - (iii) Send the triplicate copy of the Customs Transit Declaration duly endorsed directly to the corresponding Indian border land customs station
  - (iv) Endeavour to send a telex/fax communication on a daily basis to the Commissioner of Customs, Calcutta, giving the number and date of the Customs Transit Declarations received by him on the day confirming that the goods covered by those Customs Transit Declaration have been received in Nepal. These particulars shall be sent by a post copy in confirmation within a week.
16. The Indian custom officer at the concerned border land customs station shall send fax/telex communication on a daily basis to the Commissioner of Customs, Calcutta, giving details of the original copies of the Customs Transit Declaration received by him on a particular day from the importer duly endorsed by the Nepalese customs authorities that the goods have been received in Nepal. The fax/telex message will be followed by a post copy in confirmation. The Indian border land customs station will also forward the triplicate of the duly endorsed copy of the Customs Transit declaration on a daily basis to the Commissioner of Customs, Calcutta by Speed Post .

## **EXPORT PROCEDURE**

When goods from Nepal are cleared for export to third countries, in transit through India, the following procedure shall be observed:

1. The designated officer in charge of the Nepalese customs office at the border shall furnish the following certificate on the Customs Transit Declaration;

"I have verified that the goods specified in this Declaration and of the quantity and value specified herein have been permitted to be exported under licence number ..... dated..... (wherever issued and under letter of credit number ..... dated ..... issued by ..... (name and address of the issuing bank)"

**Note:** The requirement of giving particulars of letter of credit in the above certificate will not apply in the case of goods for the export of which from Nepal, no letter of credit is required under the laws of Nepal.

2. The exporter or his agent (hereinafter referred to as the exporter) shall present to the Indian customs officer at the border land customs station through which the goods are to enter India, a Customs Transit Declaration containing the following particulars :

- (a) Name and address of the exporter
- (b) Number, description, marks and serial number of the packages;
- (c) Country to which consigned;
- (d) Description of goods;
- (e) Quantity of goods;
- (f) Value of goods;
- (g) Export licence number and date;
- (h) Country of origin of the goods;
- (i) Letter of credit number, date and name and address of issuing bank;
- (j) Route of transit (one of the mutually agreed routes);
- (k) Indian customs office of entry from Nepal; and
- (l) A declaration at the end in the following words:-

"I/We declare that the goods entered herein are of Nepalese origin, are for export from Nepal to countries other than India and shall not be diverted en-route to India, or retained in India"

"I/We declare that all the entries made herein above are true and correct to the best of my/our knowledge and belief".

Signature

3. The Customs Transit Declaration shall be made in quadruplicate. All copies along with invoice, packing list and a copy of the letter of credit, authenticated by the concerned Nepalese bank, shall be presented to the Indian customs officer at the entry point. No additional document will be asked for by the Indian custom, except when considered necessary for clearance of any specific goods.

4. (a) For the containerized goods, the Indian customs authorities at the point of entry into India shall observe the following procedure:
- (i) On arrival of the Nepalese containerized cargo, the Indian customs officer posted at the border land customs station shall merely check the one-time-lock' of the container put on by the shipping agent or the carrier authorized by the shipping company and if found intact, shall allow transportation of the containerized cargo, without examination, unless there are valid reasons to do otherwise.
  - (ii) In case where the 'one-time-lock' on the container arriving at border land customs station in India is found broken or defective, the Indian customs authorities shall make due verification of the goods to check whether the goods are in accordance with the Customs Transit Declaration and shall put fresh 'one-time-lock' and allow the container to move to the destination. The serial number of the new 'one-time-lock' shall be endorsed in the Customs Transit Declaration.
- (b) The Indian customs officer at the point of entry into India shall make such selective percentage examination of packages and contents as may be necessary to check whether:
- (i) the goods are in accordance with the Customs Transit Declaration;
  - (ii) the goods are such as have been specified as sensitive by the Government of India from time to time with prior intimation to His Majesty's Government of Nepal; and
  - (iii) they are of origin as declared in the Customs Transit Declaration;
- NOTE :** The selective percentage examination referred to in sub-paragraph 4(b) above shall mean that a percentage of the total packages in a consignment will be selected for examination and not that a percentage of the contents of each of the packages comprised in the consignment will be examined.
5. The goods, as specified as sensitive by the Government of India from time to time with prior intimation to His Majesty's Government of Nepal, shall be transported from the Indian Customs border post to Calcutta port in closed railway wagon or in pilfer-proof containers (to be provided by the exporter) which can be securely locked. The containers or wagons, as the case may be, shall be locked and duly sealed after the examination by the border customs officer.
6. Where goods cannot be transported in closed wagons, and have to be transported in open wagons or flats or open trucks, detailed identifying particulars shall be recorded in the Customs Transit Declaration.
7. After the Indian customs authorities at the border land customs station are satisfied as regards the checks contemplated in the preceding paragraphs, it shall endorse all the copies of the Customs Transit Declaration. The original copy shall be handed over to the exporter. The duplicate and triplicate will be sent by post to the Commissioner of Customs, Calcutta and the quadruplicate copy shall be retained. In order to avoid delay in postal transmission, duplicate and triplicate copies of the Customs Transit Declaration, along with copy of the original railway receipt, shall be handed over to the exporter or his authorized representative in a sealed cover, if he so desires. This facility shall, however, be denied to the exporter who defaults in the production of these documents within a reasonable time.

8. The sensitive goods for export, as specified by the Government of India from time to time with prior intimation to His Majesty's Government of Nepal, shall be covered by an insurance policy or a bank guarantee and/or such legally binding undertaking to the satisfaction of the concerned Commissioner of Customs, in the manner indicated below:
  - (a) Goods moving by rail up to the seaport shall be covered by an insurance policy or a bank guarantee, at the option of the exporter, for an amount equal to the Indian customs duties on such goods. This insurance policy or bank guarantee shall be assigned to the concerned Commissioner of Customs, and the amount shall become payable to the Commissioner in the event of the goods not reaching Calcutta customs.
  - (b) Goods moving by road in trucks belonging to Nepal Transit and Warehousing Company Ltd. or Nepal Transport Corporation shall be covered by an insurance policy or a bank guarantee, at the option of the exporter, for an amount equal to the Indian Customs duties on such goods. This insurance policy or bank guarantee shall be assigned to the concerned Commissioner of Customs, and the amount shall become payable to the Commissioner in the event of the goods not reaching Calcutta Customs. In addition, Nepal Transit and Warehousing Company Ltd. or Nepal Transport Corporation, as the case may be, shall give an undertaking to the concerned Commissioner of Customs, to pay an amount equal to the difference between the market value of goods in India and their c.i.f. value plus Indian Customs duties in the event of the goods not reaching Calcutta Customs.
  - (c) Goods moving by road in trucks other than those mentioned at sub-paragraph (b) above shall be covered by an insurance policy or a bank guarantee, at the option of the exporter, for an amount equal to the difference between the market value of the goods in India and their c.i.f. value. This insurance policy or bank guarantee shall be assigned to the concerned Commissioner of Customs, and the amount shall become payable to the Commissioner in the event of the goods not reaching Calcutta Customs.
  - (d) The insurance policy shall be obtained by the exporter from an insurance company authorised to do business in India on such terms and conditions, to the satisfaction of the concerned Commissioner of Customs, which will guarantee that the insured amount shall become payable forthwith to the Commissioner on receipt of a notice to the insurance company from the concerned Commissioner of Customs, after satisfying himself that the goods have not reached Calcutta Customs.

**NOTE:**

1. In respect of goods belonging to and consigned by His Majesty's Government of Nepal under sub-paragraph (a) and (b) above, no insurance or bank guarantee shall be required, provided an undertaking or a further undertaking, as the case may be, is given by Nepal Transit and Warehousing Company Ltd. or Nepal Transport Corporation in lieu thereof.
2. No such requirements will be necessary in respect of goods carried by air without transshipment en-route or in such cases as may be mutually agreed upon.
3. In the event of goods carried by rail not reaching the booked destination, Indian Railways shall, where liable as carriers under the Indian Railways Act, pay the c.i.f. price to the exporter.

4. When the Customs Transit Declaration, duly endorsed and authenticated by the Calcutta customs, is received at the concerned border land customs station within the prescribed period, it will be accepted as an evidence that goods have reached Calcutta Customs.
- 8A. For goods other than those specified as sensitive by the Government of India in terms of paragraph 8 above, the exporter shall furnish, to the satisfaction of concerned Commissioner of Customs, a legally-binding undertaking that the amount equal to the difference between the market value of the goods in India and their c.i.f. value shall be paid on demand to the concerned Commissioner of Customs, in the event of the goods not reaching Calcutta Customs.
- 8B. The concerned Commissioner of Customs, shall provide to the concerned department of His Majesty's Government of Nepal, from time to time, details of cases where the goods, including those goods which have not been insured, do not appear to have reached Calcutta Customs. His Majesty's Government of Nepal shall thereupon carry out inquiries and make all possible efforts to ensure that the concerned persons pay the dues to the Government of India.
9. In case of any suspicion of pilferage, the goods as have been specified as sensitive by the Government of India from time to time with prior intimation to His Majesty's Government of Nepal shall, while in transit through India, be subject to such checks by the Indian Customs, as may be necessary, particularly at the point of railway transshipment from meter-gauge to broad-gauge.
10. On arrival of goods at Calcutta Port, the exporter shall present the original copy of the Customs Transit Declaration duly endorsed by the Indian border land customs station to the Customs House. This copy shall be compared by the Customs House with the duplicate and triplicate received by it from the Indian border land customs station. In case of goods which have moved under seals and locks, the Customs House shall check the seals and locks and where there is suspicion that they have been tampered with, will examine the goods to identify them with the corresponding Customs Transit Declaration. After the verification as contemplated in this paragraph is completed by the Custom House, it shall permit the export of the goods and will in case of goods specified as sensitive by the Government of India from time to time with prior intimation to His Majesty's Government of Nepal, ensure that these are duly shipped. After the goods have been shipped, the Customs House shall endorse all the copies of the Customs Transit Declaration, hand over the original to the exporter and send to triplicate copy to the Indian border land customs station and retain the duplicate.
11. Where export cargo is shut out, it will be removed to the warehouse leased out to Nepal Transit and Warehousing Company Ltd., on filling of such removal instructions by the exporter or his authorized agent.
12. The Nepalese export cargo not shipped due to valid reasons will be permitted to be returned to Nepal according to the procedure applicable for the Nepalese import cargo.

Government of Nepal  
**Ministry of Commerce and Supplies**

SINGHA DURBAR  
Kathmandu (NEPAL)  
March 30, 2006

**Excellency,**

I write to acknowledge the receipt of your letter of today's date which reads as follows:

"I have the honour to state that our two government have completed the review of the Protocol and Memorandum to the Treaty of Transit between the Government of the Republic of India and His Majesty's Government of Nepal, in accordance with Article XI of the Treaty. Following the review, the Treaty signed on 6th January 1999 and in force until 5th January 2006, is extended for a period of seven years until 5th January 2013.

2. Amendments in the Protocol and Memorandum to the Treaty, agreed to by the two sides, are contained in the annexures 1-3 to this letter and shall constitute an integral part of the treaty.
3. Transit facilities through Phulbari route and Radhikapur route relating to Nepalese Trade with and through Bangladesh would continue to be governed by the terms of existing separate arrangements concluded between our two Governments.
4. I shall be grateful if you could kindly confirm that the foregoing correctly sets out the understanding between our two Governments."

I confirm that the foregoing correctly sets out the understanding reached between our two Governments.

Please accept, Excellency, the assurances of my highest consideration.

H.E Mr. S.N. Menon  
Commerce Secretary  
Government of India  
New Delhi 110011

Sd.  
Bharat Bahadur Thapa  
Secretary  
Ministry of Industry, Commerce and Supplies  
His Majesty's Government of Nepal

## **Annexure 1**

### **Agenda 2: Designation of routes for sensitive goods**

In the Protocol to the Treaty, insert a note under Section II, Paragraph 4, after sub paragraph (a), insert a new sub paragraph (b)

Goods declared sensitive for foreign trade by Government of India from time to time with prior intimation to His Majesty's Government of Nepal, shall be permitted transit on the following routes:

2.     Kolkata-Naxalbari (Panitanki), 2) Kolkata-Jogbani, 3)Kolkata-Raxaul, 4) Kolkata-Raxaul- ICD Birgunj 5) Kolkata-Nautanwa (Sunauli), 6) Kolkata-Nepalgunj Road, 7) Kolkata-Banbasa,

The existing sub-paragraph (b) will be re-designated as sub-paragraph (b1) and shall read as follows:

Sensitive goods shall be permitted transit by marine container or pilfer-proof container trucks or railway wagons at the option of the importer/exporter.

## **Annexure 2**

### **Agenda 3: Linkage with Rail Services Agreement**

In the Protocol to the Treaty, insert a note under Section II, Paragraph 1, under the words "Note: Kolkata shall include Haldia."

#### **Note:**

- (iii) Kolkata – Raxaul route also includes movement of goods-in-transit by direct train services from Calcutta/Haldia Ports to Birgunj in Nepal via Raxaul.
- (iv) The operation of rail services between Kolkata/Haldia Ports and Birgunj in Nepal would continue to be governed by the India-Nepal Rail Services Agreement, while transit of goods shall be governed by the Treaty of Transit. Procedure for Customs examination and clearance for goods on this route are annexed to the Rail Service Agreement and are also set out in Memorandum II.

### **Annexure 3**

In the Protocol to the Treaty, in paragraph 1 under (I) covered accommodation, delete the following:

|                            |                        |
|----------------------------|------------------------|
| 'A' shed Kidderpore Docks- | Covering approximately |
| (Including 'A' Annex)      | 3135 Square meters.    |
| Calcutta Jetty Shed No. 8  | Ground floor           |

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COMMERCE SECRETARY,  
GOVERNMENT OF INDIA  
NEW DELHI-11001  
30<sup>th</sup> March, 2006

D.O.No. 3/4/2005 FT(SA)

H.E. Bharat Bahadur Thapa  
Secretary  
Ministry of Industry, Commerce and Supplies  
His Majesty's Government of Nepal  
Kathmandu, Nepal

Excellency,

"I have the honour to state that our two government have completed the review of the Protocol and Memorandum to the Treaty of Transit between the Government of the Republic of India and His Majesty's Government of Nepal, in accordance with Article XI of the Treaty. Following the review, the Treaty signed on 6th January 1999 and in force until 5th January 2006, is extended for a period of seven years until 5th January 2013.

Amendments in the Protocol and Memorandum to the Treaty, agreed to by the two sides, are contained in the annexure 1-3 to this letter and shall constitute an integral part of the treaty.

Transit facilities through Phulbari route and Radhikapur route relating to Nepalese Trade with and through Bangladesh would continue to be governed by the terms of existing separate arrangements concluded between our two Governments.

I shall be grateful if you could kindly confirm that the foregoing correctly sets out the understanding between our two Governments."

Please accept, Excellency, the assurances of my highest consideration.

Sd.  
(S.N. MENON)  
COMMERCE SECRETARY  
GOVERNMENT OF INDIA

## **Annexure 1**

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In the Protocol to the Treaty, insert a note under Section II, Paragraph 4, after sub paragraph (a), insert a new sub paragraph (b)

Goods declared sensitive for foreign trade by Government of India from time to time with prior intimation to His Majesty's Government of Nepal, shall be permitted transit on the following routes:

3.     1) Kolkata-Naxalbari (Panitanki), 2) Kolkata-Jogbani, 3)Kolkata-Raxaul, 4) Kolkata-Raxaul- ICD Birgunj 5) Kolkata-Nautanwa (Sunauli), 6) Kolkata-Nepalgunj Road, 7) Kolkata-Banbasa,

The existing sub-paragraph (b) will be re-designated as sub-paragraph (b1) and shall read as follows:

Sensitive goods shall be permitted transit by marine container or pilfer-proof container trucks or railway wagons at the option of the importer/exporter.

## **Annexure 2**

### **Agenda 3: Linkage with Rail Services Agreement**

In the Protocol to the Treaty, insert a note under Section II, Paragraph 1, under the words "Note: Kolkata shall include Haldia."

**Note:**

- (v) Kolkata – Raxaul route also includes movement of goods-in-transit by direct train services from Calcutta/Haldia Ports to Birgunj in Nepal via Raxaul.
- (vi) The operation of rail services between Kolkata/Haldia Ports and Birgunj in Nepal would continue to be governed by the India-Nepal Rail Services Agreement, while transit of goods shall be governed by the Treaty of Transit. Procedure for Customs examination and clearance for goods on this route are annexed to the Rail Service Agreement and are also set out in Memorandum II.

### **Annexure 3**

In the Protocol to the Treaty, in paragraph 1 under (I) covered accommodation, delete the following:

|                            |                        |
|----------------------------|------------------------|
| 'A' shed Kidderpore Docks- | Covering approximately |
| (Including 'A' Annex)      | 3135 Square meters.    |
| Calcutta Jetty Shed No. 8  | Ground floor           |

Kathmandu  
January 5, 1999

Excellency,

In course of the discussion that led to the renewal of the Treaty of Transit between our two Governments today, and in pursuance of Paragraph 1 (i) of Section II of the Protocol, it was agreed that the Nepalese traffic -in-transit from Calcutta to the mutually agreed that entry and exit points along the India-Nepal border and vice versa shall pass only through one of the mutually agreed routes as specified in the enclosed Annexure-A. The particulars of one of these mutually agreed routes, at the option of the importer or the exporter, as the case may be, shall be mentioned in the Customs Transit Declaration.

2. It was further agreed that the transit facilities through Phu Ibari route and Radhikapur route relating to Nepalese trade with and through Bangladesh would continue to be governed by the terms of existing separate arrangements concluded between the two Governments.
3. I shall be grateful if you could kindly confirm that the foregoing correctly sets out the understanding reached between our two Governments".

Please accept, Excellency, the assurances of my highest consideration.

His Excellency Shri Purna Bahadur Khadka  
Minister of Commerce  
His Majesty's Government of Nepal

Yours sincerely,  
Sd.  
(Ramkrishna Hegde)  
Minister of Commerce  
Government of India.

## **ANNEXURE ‘A’**

### **SPECIFIED LAND ROUTES**

1. Sukhia Pokhari Road Connecting Calcutta-Dunlop Bridge-Barrackpore-Krishna Nagar-Malda-Raiganj-Dalkola-Siliguri-Sukhia Pokhari.
2. Naxalbari (Panitanki) Road Connecting Calcutta- Dunlop Bridge-Barrackpore-Krishna Nagar-Malda-Raiganj-Dalkola-Bagdogra-Panitanki.
3. Galgalia Road Connecting Calcutta-Dunlop Bridge-Barrackpore-Krishna Nagar-Malda-Raiganj-Dalkola-Kishanganj-Thakurganj-Galgalia.
4. Jobani Road Connecting Calcutta- Dunlop Bridge-Barrackpore-Krishna Nagar-Malda-Raiganj-Dalkola-Purnia-Araria-Forbesganj-Jobani.
5. Bhimnagar Road Connecting Calcutta- Dunlop Bridge-Barrackpore-Krishna Nagar-Malda-Raiganj-Dalkola-Purnia-Araria-Forbesganj-Bhimnagar.
6. Jayanagar Road Connecting Calcutta- Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol-Kulti-Jasidih-Kiul-Mokamah-Barauni-Musari Garari-Samastipur-Darbhanga-Jayanagar.  
(Or)  
Road Connecting Calcutta- Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Kodarma-Nawadah-Biharsarif-Bhaktiyarpur-Gandhi Setu (Patan)-Hajipur-Musari-Garari-Samastipur-Darbhanga-Jayanagar.
7. Bhitamore Road Connecting Calcutta- Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol Kulti-Jasidih-Kiul-Mokamah-Barauni-Muzaffarpur-Sitamarhi- Bhitamore.  
(Or)  
Road Connecting Calcutta- Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Kodarma-Nawadah-Biharsarif-Bhaktiyarpur-Gandhi Setu (Patan)-Hajipur- Muzaffarpur-Sitamarhi-Bhitamore.
8. Raxaul Road Connecting Calcutta- Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol Kulti-Jasidih-Kiul-Mokamah-Barauni-Muzaffarpur-Motihari-Sugauli-Raxaul.  
(Or)  
Road Connecting Calcutta- Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Kodarma-Nawadah-Biharsarif-Bhaktiyarpur-Gandhi Setu (Patan)-Hajipur- Muzaffarpur-Motihari-Sugauli-Raxaul.
9. Nautanwa (Sonauli) Road Connecting Calcutta- Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Ghazipur-Goarkhpur-Nautanwa-Sonauli.

10. Barhni Road Connecting Calcutta-Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Ghazipur-Goarkhpur-Basti-Barhni.
11. Jarwa Road Connecting Calcutta-Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Ghazipur-Goarkhpur-Basti-Barhni.
12. Nepalgunj Road Road Connecting Calcutta-Vivekananda Bridge-Dankuni Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Jaunpur-Sultanpur-Lacknow-Baharaich-Nepalgunj Road.  
Or  
Road Connecting Calcutta-Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Ghazipur-Goarkhpur-Basti-Baharaich-Nepalgunj Road.
13. Tikonia Road Road Connecting Calcutta-Vivekananda Bridge-Dankuni Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Jaunpur-Sultanpur-Lacknow-Baharaich-Tikonia.  
Or  
Road Connecting Calcutta-Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Ghazipur-Goarkhpur-Basti-Baharaich-Tikonia.
14. Gauriphanta Road Road Connecting Calcutta-Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Jaunpur-Sultanpur-Lacknow-Baharaich-Gauriphanta.  
Or  
Road Connecting Calcutta-Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Ghazipur-Goarkhpur-Basti-Baharaich-Gauriphanta.
15. Banbasa Road Road Road Connecting Calcutta-Vivekananda Bridge-Dankuni Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Jaunpur-Sultanpur-Lacknow-Shahjahanpur-Bareilly-Pilibhit-Banbasa.

**NOTE:**

1. Roads passing through Calcutta Airport, Barasat and Raiganj may be provided as an alternative route out of Calcutta in respect of all routes specified above passing through Raiganj, with prior endorsement on the Customs Transit Declaration by the appropriate Customs authority.
2. Project cargo, heavy lift cargo and odd dimension cargo moving out of Calcutta may be allowed to go via Kharakpur and Dhanbad in respect of all routes passing through Dhanbad, with prior endorsement on the Customs Transit Declaration by the appropriate Customs authority.
3. Movement out of Calcutta through Vidhya Sagar Sethu may be permitted for all routes passing through Dankuni, with prior endorsement on the customs Transit Declaration by the appropriate authority.

Kathmandu  
January 5, 1999

Excellency,

I write to acknowledge the receipt of your letter of today's date which reads as follows:

In course of the discussion that led to the renewal of the Treaty of Transit between our two Governments today, and in pursuance of Paragraph 1 (i) of Section II of the Protocol, it was agreed that the Nepalese traffic -in-transit from Calcutta to the mutually agreed that entry and exit points along the India-Nepal border and vice versa shall pass only through one of the mutually agreed routes as specified in the enclosed Annexure-A. The particulars of one of these mutually agreed routes, at the option of the importer or the exporter, as the case may be, shall be mentioned in the Customs Transit Declaration.

2. It was further agreed that the transit facilities through Phulbari route and Radhikapur route relating to Nepalese trade with and through Bangladesh would continue to be governed by the terms of existing separate arrangements concluded between the two Governments.
3. I shall be grateful if you could kindly confirm that the foregoing correctly sets out the understanding reached between our two Governments".

I confirm that the forgoing correctly sets out the understanding reached between our two Governments.

Please accept, Excellency, the assurances of my highest consideration.

Sd.

H.E. Shri Ramkrishna Hegde  
Minister of Commerce  
Government of India.

Purna Bahadur Khadka  
Minister of Commerce  
His Majesty's Government of Nepal

## **ANNEXURE ‘A’**

### **SPECIFIED LAND ROUTES**

- |    |                          |   |
|----|--------------------------|---|
| 1. | Sukhia Pokhari           | Road Connecting Calcutta-Dunlop Bridge-Barrackpore-Krishna Nagar-Malda-Raiganj-Dalkola-Siliguri-Sukhia Pokhari.   |
| 3. | Naxalbari<br>(Panitanki) | Road Connecting Calcutta- Dunlop Bridge-Barrackpore Krishna Nagar-Malda-Raiganj-Dalkola-Bagdogra-Panitanki.   |
| 3. | Galgalia                 | Road Connecting Calcutta-Dunlop Bridge-Barrackpore Krishna Nagar-Malda-Raiganj-Dalkola-Kishanganj-Thakurganj-Galgalia.  |
| 4. | Jogbani                  | Road Connecting Calcutta- Dunlop Bridge-Barrackpore Krishna Nagar-Malda-Raiganj-Dalkola-Purnia-Araria-Forbesganj-Jogbani.   |
| 5. | Bhimnagar                | Road Connecting Calcutta- Dunlop Bridge-Barrackpore Krishna Nagar-Malda-Raiganj-Dalkola-Purnia-Araria-Forbesganj-Bhimnagar.   |
| 6. | Jayanagar                | Road Connecting Calcutta- Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol Kulti-Jasidih- Kiul-Mokamah-Barauni-Musari Garari-Samastipur-Darbhanga-Jayanagar.<br><br>(Or)<br>Road Connecting Calcutta- Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol Dhanbad- Barhi-Kodarma-Nawadah-Biharsarif-Bhaktiyarpur-Gandhi Setu (Patan)-Hajipur-Musari-Garari Samastipur-Darbhanga-Jayanagar. |
| 7. | Bhitamore                | Road Connecting Calcutta- Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol Kulti-Jasidih- Kiul-Mokamah-Barauni-Muzaffarpur-Sitamarhi- Bhitamore.<br><br>(Or)<br>Road Connecting Calcutta- Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol Dhanbad- Barhi-Kodarma-Nawadah-Biharsarif-Bhaktiyarpur-Gandhi Setu (Patan)-Hajipur- Muzaffarpur-Sitamarhi- Bhitamore.                        |
| 8. | Raxaul                   | Road Connecting Calcutta- Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol Kulti-Jasidih-Kiul-Mokamah-Barauni-Muzaffarpur-Motihari-Sugauli-Raxaul.<br><br>(Or)<br>Road Connecting Calcutta- Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol Dhanbad- Barhi-Kodarma-Nawadah-Biharsarif-Bhaktiyarpur-Gandhi Setu (Patan)-Hajipur- Muzaffarpur-Motihari-Sugauli-Raxaul.                   |
| 9. | Nautanwa<br>(Sonauli)    | Road Connecting Calcutta- Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol Dhanbad- Barhi-Aurangabad-Sasaram-Varanasi-Ghazipur-Goarkhpur-Nautanwa-Sonauli.   |

10. Barhni Road Connecting Calcutta-Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Ghazipur-Goarkhpur-Basti-Barhni.
11. Jarwa Road Connecting Calcutta-Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Ghazipur-Goarkhpur-Basti-Balarampur-Jarwa.
12. Nepalgunj Road Road Connecting Calcutta-Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Jaunpur-Sultanpur-Lacknow-Baharaich-Nepalgunj Road.  
Or  
Road Connecting Calcutta-Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Ghazipur-Goarkhpur-Basti-Baharaich-Nepalgunj Road.
13. Tikonia Road Road Connecting Calcutta-Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Jaunpur-Sultanpur-Lacknow-Baharaich-Tikonia.  
Or  
Road Connecting Calcutta-Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Ghazipur-Goarkhpur-Basti-Baharaich-Tikonia.
14. Gauriphanta Road Road Connecting Calcutta-Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Jaunpur-Sultanpur-Lacknow-Baharaich-Gauriphanta.  
Or  
Road Connecting Calcutta-Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Ghazipur-Goarkhpur-Basti-Baharaich-Gauriphanta.
15. Banbasa Road Road Connecting Calcutta-Vivekananda Bridge-Dankuni-Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Jaunpur-Sultanpur-Lacknow-Shahjahanpur-Bareilly-Pilibhit-Banbasa

**NOTE:**

1. Roads passing through Calcutta Airport, Barasat and Raiganj may be provided as an alternative route out of Calcutta in respect of all routes specified above passing through Raiganj, with prior endorsement on the Customs Transit Declaration by the appropriate Customs authority.
2. Project cargo, heavy lift cargo and odd dimension cargo moving out of Calcutta may be allowed to go via Kharakpur and Dhanbad in respect of all routes passing through Dhanbad, with prior endorsement on the Customs Transit Declaration by the appropriate Customs authority.
3. Movement out of Calcutta through Vidhya Sagar Sethu may be permitted for all routes passing through Dankuni, with prior endorsement on the customs Transit Declaration by the appropriate authority.

Kathmandu  
January 5, 1999

Excellency,

In the course of the discussions that led to the renewal of the Treaty of Transit between our two Governments today, it was agreed that the arrangements with the Trustees of the port of Calcutta for increasing the free time for removal of Nepalese transit cargo, including containerized cargo, to seven days will continue, pending as assessment to be conducted on site as to whether continuation of this facility is still required in practical terms.

I shall be grateful if you could kindly confirm that the foregoing correctly sets out the understanding reached between our two Governments.

Please accept, Excellency, the assurances of my highest consideration.

Yours sincerely,  
Sd.  
His Excellency  
Shri Purna Bahadur Khadka  
Minister of Commerce  
His Majesty's Government of Nepal

(Ramkrishna Hegde)  
Minister of Commerce  
Government of India.

Kathmandu  
January 5, 1999

Excellency,

I write to acknowledge the receipt of your letter of today's date, which reads as follows:

"In the course of the discussions that led to the renewal of the Treaty of Transit between our two Governments today, it was agreed that the arrangements with the Trustees of the port of Calcutta for increasing the free time for removal of Nepalese transit cargo, including containerized cargo, to seven days will continue, pending as assessment to be conducted on site as to whether continuation of this facility is still required in practical terms.

I shall be grateful if you could kindly confirm that the foregoing correctly sets out the understanding reached between our two Governments.

I confirm that the foregoing correctly sets out the understanding reached between our two Governments.

Please accept, Excellency, the assurances of my highest consideration.

Yours sincerely,  
Sd.

H. E. Shree Ramkrishna Hegde  
Minister of Commerce  
Government of India.

Purna Bahadur Khadka  
Minister of Commerce  
His Majesty's Government of Nepal

ef/tlo /fhbt, gkfn  
AMBASSADOR OF INDIA  
KATHMANDU, (NEPAL)

No. KAT/AMB/97

September 1, 1997

Excellency,

I have the honour to refer to the understanding reached between the Hon'ble Prime Ministers of India and Nepal as reflected in the Joint Press Statement issued at the end of the official visit of His Excellency the Prime Minister of India to Nepal on June 7, 1997, by which the Government of India agreed to provide an additional transit route from Nepal to Bangladesh via Phulbari (India) and to propose the following:

An Additional route from Kakarbhitta (Nepal) to Banglabandha (Bangladesh) via Phulbari (India) shall be added to the list of transit routes specified in the Protocol to the Treaty of Transit between India and Nepal signed at New Delhi on December 6, 1991. The Treaty of Transit along with the Memorandum referred to in Protocol to the Treaty, in conjunction with the "operating modalities" as annexed herewith, shall act as the working arrangements for transit along this route. This new arrangement would take effect immediately, and would be reviewed six months thereafter.

I have the honor further to propose that this letter and Your Excellency's reply thereto, confirming that the above sets out correctly the understanding between our two Governments, shall constitute an agreement under Article VI of the Treaty of Transit between India and Nepal, and shall enter into force on September 1, 1997.

Please accept, Excellency, the assurances of my highest consideration.

His Excellency Mr. Mohan Dev Pant,  
Secretary,  
Minister of Commerce, HMGN  
Kathmandu

Yours sincerely,  
Sd.  
(K.V. Rajan)

## **OPERATING MODALITIES FOR ADDITIONAL TRASIT ROUTE BETWEEN NEPAL AND BANGLADESH**

**Kakarbhitta (Nepal)-Panitanki-Bagdogra-Ghoshipukur by pass-Phansidewa-Phulbari (India)-Banglabandh (Bangladesh)**

1. Trucks carrying cargo-in-transit would move in convoys of a maximum of 20-25 trucks.
  2. Cargo-in-transit would move in "pilfer-proof" containers/trucks capable of being sealed.
  3. Transit will take place over week days at specified times during daylight hours.
  4. The gross vehicle weight of trucks should not exceed 16.2 tones for convention vehicles and 19 tones for three or multi-axle vehicles.
  5. The convoy would be escorted from entry to exit point.
  6. Only trucks with Nepali registration can be utilized for the transit.
  7. Drivers/assistant/cleaners, who would travel with the trucks, should hold identity cards, issued by the HMG of Nepal authorities.
  8. The goods will not be subject to usual customs examination and other checks as long as the seals have not been tampered with or unless there are valid reasons to do so.
  9. The following categories of goods shall not be allowed for transit (Negative List):
    - i) Fire arms and ammunition.
    - ii) Hazardous cargo except petroleum products subject to compliance of safety measures required for such movements.
    - iii) Gold and silver bullion.
    - iv) Goods prohibited for protecting human, animal and plant life.
    - v) Antiques and similar other objects.
    - vi) Narcotics and psychotropic substances.
  10. HMG of Nepal would require to appoint authorized agents (declarants) at Panitanki/Phulbari who would represent the importers/exporters for the purpose of liaison with concerned Indian authorities. All Nepalese importers/exporters would have to use the services of these agents. The agents would be accountable for the actions of these importers/exporters in respect of transactions.
  11. The insurance requirements for Nepalese cargo-in-transit on this route would be waived provided the Nepal Transit and Warehousing Company Ltd. gives an undertaking to compensate for the possible revenue losses.
  12. Government of India and His Majesty's Government of Nepal would take all necessary steps as may be required, for initiating action against offenders when serious violations of the principles governing the transit along this route are noticed.
- Note :**
1. Updated by incorporating the improvements agreed by the two governments in the original modality.
  2. The above additional transit route is allowed by the Government of India for the conduct of Nepal's bilateral trade with Bangladesh as well as for Nepal trade with third country through Bangladesh (as per notification is sued by the Commissioner of Custom, West Bengal, Calcutta dated November 23, 1998).

His Majesty's Government  
**Ministry of Commerce**

BABAR MAHAL  
KATHMANDU, (NEPAL)

September 1, 1997

Excellency,

I have the honor to acknowledge the receipt of your letter dated September 1, 1997,

Which reads as follows:

"I have the honour to refer to the understanding reached between the Hon'ble Prime Ministers of India and Nepal as reflected in the Joint Press Statement issued at the end of the official visit of His Excellency the Prime Minister of India to Nepal on June 7, 1997, by which the Government of India agreed to provide an additional transit route from Nepal to Bangladesh via Phulbari (India) and to purpose the following:

An Additional route from Kakarbhitta (Nepal) to Banglabandha (Bangladesh) via Phulbari (India) shall be added to the list of transit routes specified in the Protocol to the Treaty of Transit between India and Nepal signed at New Delhi on December 6, 1991. The Treaty of Transit along with the Memorandum referred to in Protocol to the Treaty, in conjunction with the "operating modalities" as annexed herewith, shall act as the working arrangements for transit along this route. This new arrangement would take effect immediately, and would be reviewed six months thereafter.

I have the honor further to propose that this letter and Your Excellency's reply thereto, confirming that the above sets out correctly the understanding between our two Governments, shall constitute an agreement under Article VI of the Treaty of Transit between India and Nepal, and shall enter into force on September 1, 1997.

Please accept, Excellency, the assurances of my highest consideration.

Sd.

His Excellency Mr. K. V. Rajan  
Ambassador Extra Ordinary & Plenipotentiary  
Embassy of India  
Kathmandu, Nepal

(Mohan Dev Pant)  
Secretary,

## **OPERATING MODALITIES FOR ADDITIONAL TRASIT ROUTE BETWEEN NEPAL AND BANGLADESH**

Kakarbhitta (Nepal)-Panitanki-Bagdogra-Ghoshipukur by pass-Phansidewa-Phulbari(India)-Banglabandh (Bangladesh)

1. Trucks carrying cargo-in-transit would move in convoys of a maximum of 20-25 trucks.
2. Cargo-in-transit would move in "pilfer-proof" containers/trucks capable of being sealed.
3. Transit will take place over week days at specified times during daylight hours.
4. The gross vehicle weight of trucks should not exceed 16.2 tones for convention vehicles and 19 tones for three or multi-axle vehicles.
5. The convoy would be escorted from entry to exit point.
6. Only trucks with Nepali registration can be utilized for the transit.
7. Drivers/assistant/cleaners, who would travel with the trucks, should hold identity cards, issued by the HMG of Nepal authorities.
8. The goods will not be subject to usual customs examination and other checks as long as the seals have not been tampered with or unless there are valid reasons to do so.
9. The following categories of goods shall not be allowed for transit (Negative List):
  - i) Fire arms and ammunition.
  - ii) Hazardous cargo except petroleum products subject to compliance of safety measures required for such movements.
  - iii) Gold and silver bullion.
  - iv) Goods prohibited for protecting human, animal and plant life.
  - v) Antiques and similar other objects.
  - vi) Narcotics and psychotropic substances.
10. HMG of Nepal would require to appoint authorized agents (declarants) at Panitanki/Phulbari who would represent the importers/exporters for the purpose of liaison with concerned Indian authorities. All Nepalese importers/exporters would have to use the services of these agents. The agents would be accountable for the actions of these importers/exporters in respect of transactions.
11. The insurance requirements for Nepalese cargo-in-transit on this route would be waived provided the Nepal Transit and Warehousing Company Ltd. gives an undertaking to compensate for the possible revenue losses.
12. Government of India and His Majesty's Government of Nepal would take all necessary steps as may be required, for initiating action against offenders when serious violations of the principles governing the transit along this route are noticed.

- Note :**
1. Updated by incorporating the improvements agreed by the two governments in the original modality.
  2. The above additional transit route is allowed by the Government of India for the conduct of Nepal's bilateral trade with Bangladesh as well as for Nepal trade with third country through Bangladesh (as per notification issued by the Commissioner of Custom, West Bengal, Calcutta dated November 23, 1998).

16th February, 1993  
Kathmandu

Excellency,

As per the understanding reached between the Rt. Hon'ble Mr. Girija Prasad Koirala, Prime Minister of Nepal, and His Excellency Mr. P.V Narshmha Rao, Prime Minister of India, as reflected in the Joint Communiqué issued at the end of the official visit of His Excellency the Prime Minister of India to Nepal on October 21, 1992 it was agreed replace the letter exchanged at the time of the signing of Treaty of Transit on December 6, 1991, relating to the movement of goods from one part of Nepal to another through Indian territory, by a new provision which runs as follows:

In keeping with the provisions of the Treaty of Transit signed by two Governments on December 6, 1991, it was agreed that for the movement of goods and Nepalese vehicles from one part of Nepal to another through Indian territory, the procedure prescribed for export of goods from Nepal to third countries shall apply mutatis mutandis except that there will be no cash deposit or bond system upon the necessary undertaking given by the Nepalese customs authorities. Further, as regards the movement of baggage accompanying a person traveling from one part of Nepal to another through Indian territory, the Government of India shall prescribe a simplified procedure in respect of such articles of baggage as the Government of India may specify as being likely to be retained in India having regard to the difference in prices in Nepal and India and other relevant factors. For other articles of baggage accompanying a passenger, movement shall be freely allowed.

I shall be grateful if you could kindly confirm that the forgoing correctly sets out the understanding reached between our two Governments.

Please accept, Excellency, the assurances of my highest consideration.

His Excellency  
Prof. Bimal Prasad  
Ambassador Extraordinary & Plenipotentiary  
Embassy of India  
Kathmandu, Nepal

Sd  
(Durga Prakash Panday)  
Secretary  
Ministry of Commerce  
for His Majesty's  
Government of Nepal

Prof. Bimal Prasad

AMBASSADOR OF INDIA  
KATHMANDU, (NEPAL).

16th February, 1993  
Kathmandu

Excellency,

I write to acknowledge the receipt of your letter of today's date which reads as follows:

As per the understanding reached between the Rt. Hon'ble Mr. Girija Prasad Koirala, Prime Minister of Nepal, and His Excellency Mr. P.V Narshimha Rao, Prime Minister of India, as reflected in the Joint Communiqué issued at the end of the official visit of His Excellency the Prime Minister of India to Nepal on October 21, 1992 it was agreed replace the letter exchanged at the time of the signing of Treaty of Transit on December 6, 1991, relating to the movement of goods from one part of Nepal to another through Indian territory, by a new provision which runs as follows:

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I shall be grateful if you could kindly confirm that the forgoing correctly sets out the understanding reached between our two Governments.

I confirm that the forgoing correctly sets out the understanding reached between our two Governments.

Please accept, Excellency, the assurances of my highest consideration.

Sd

His Excellency Mr. Durga Prakash Panday

(Bimal Prasad)

Secretary

Ambassador

Ministry of Commerce

Embassy of India

His Majesty's Government of Nepal

Kathmandu

Kathmandu

for the Government of India

16th February, 1993  
Kathmandu

Excellency,

As per the understanding reached between the Rt. Hon'ble Mr. Girija Prasad Koirala, Prime Minister of Nepal, and His Excellency Mr. P.V Narshmha Rao, Prime Minister of India, as reflected in the Joint Communiqué issued at the end of the official visit of His Excellency the Prime Minister of India to Nepal on October 21, 1992 it was agreed, in accordance with the Treaty of Transit signed between the two Governments on December 6, 1991 that the movement of Nepalese private commercial vehicle from the Nepalese border to Calcutta/Haldia and back will be allowed on such vehicle being duly authorized by His Majesty's Government of Nepal or the Nepal Transit and Warehousing Company Ltd. or the Nepal Transport Corporation, and the necessary undertaking being given by them to the Indian customs authorities.

I shall be grateful if you could kindly confirm that the forgoing correctly sets out the understanding reached between our two Governments.

Please accept, Excellency, the assurances of my highest consideration.

Sd

His Excellency  
Prof. Bimal Prasad  
Ambassador Extraordinary & Plenipotentiary  
Embassy of India  
Kathmandu, Nepal

(Durga Prakash Panday)  
Secretary  
Ministry of Commerce  
for His Majesty's Government of Nepal

Prof. Bimal Prasad

AMBASSADOR OF INDIA  
KATHMANDU, (NEPAL).

16<sup>th</sup> February, 1993  
Kathmandu

Excellency,

I write to acknowledge the receipt of your letter of today's date which reads as follows:

As per the understanding reached between the Rt. Hon'ble Mr. Girija Prasad Koirala, Prime Minister of Nepal, and His Excellency Mr. P.V Narshmha Rao, Prime Minister of India, as reflected in the Joint Communiqué issued at the end of the official visit of His Excellency the Prime Minister of India to Nepal on October 21, 1992 it was agreed, in accordance with the Treaty of Transit signed between the two Governments on December 6, 1991 that the movement of Nepalese private commercial vehicle from the Nepalese border to Calcutta/Haldia and back will be allowed on such vehicle being duly authorized by His Majesty's Government of Nepal or the Nepal Transit and Warehousing Company Ltd. or the Nepal Transport Corporation, and the necessary undertaking being given by them to the Indian customs authorities.

I shall be grateful if you could kindly confirm that the forgoing correctly sets out the understanding reached between our two Governments.

I confirm that the forgoing correctly sets out the understanding reached between our two Governments.

Please accept, Excellency, the assurances of my highest consideration.

Sd

His Excellency

(Bimal Prasad)

Mr. Durga Prakash Panday

Ambassador

Secretary

Embassy of India

Ministry of Commerce

Kathmandu.

His Majesty's Government of Nepal

for the Government of India

Kathmandu.

6<sup>th</sup> December 1991  
New Delhi

Excellency,

In the course of discussion that led to the signing of the Treaty of Transit between our two Government today, the Government of India agreed to provide necessary overland transit facilities through Radhikapur and such other routes as may be further agreed upon for the conduct of Nepal's trade with and through Bangladesh in order to help Nepal develop and diversify her foreign trade.

The transit procedures prescribed in Nepal's Treaty of Trans it with India would apply mutatis mutandis in respect of such traffic -in-transit.

I shall be grateful if you could kindly confirm that the above sets out correctly the understanding reached between our two Governments.

Please accept, Excellency, the assurances of my highest consideration.

Sd

Shri P. Chidambaram  
Minister of State for Commerce  
Government of India

(Gopal Man Shrestha)  
Minister of Commerce  
for His Majesty's Government of Nepal

6<sup>th</sup> December 1991  
New Delhi

Excellency,

I write to acknowledge the receipt of your letter of today's date which reads as follows:

In the course of discussion that led to the signing of the Treaty of Transit between our two Government today, the Government of India agreed to provide necessary overland transit facilities through Radhikapur and such other routes as may be further agreed upon for the conduct of Nepal's trade with and through Bangladesh in order to help Nepal develop and diversify her foreign trade.

The transit procedures prescribed in Nepal's Treaty of Transit with India would apply mutatis mutandis in respect of such traffic -in-transit.

I shall be grateful if you could kindly confirm that the above sets out correctly the understanding reached between our two Governments.

I confirm that the forgoing correctly sets out the understanding reached us.

Please accept, Excellency, the assurances of my highest consideration.

H.E. Shri Gopal Man Shrestha  
Minister of Commerce  
His Majesty's Government of Nepal

Sd  
(P. Chidambaram)  
Minister of State for Commerce  
for the Government of India

12/09/2001/82

**CALCUTTA PORT TRUST**

Traffic Manager's Office

Dated: 10/09/2001

No. Tfc/GI 252/Scale of Rates/2001

**All Concerned**

Sub: Discount in Cargo and Vessel Related Charges and enhancing of Demurrage Free Period at Calcutta Dock System (KoDS) by the Tariff Authority for Major Ports and Further remission in the Berth Hire and Pilotage Charge and enhancement of Demurrage Free Period for containerized cargo by the Board of Trustees under Section 53 of the Major Port Trusts Act. 1963.

The Tariff Authority for Major Port vide their Order dated 30/8/2001 which has been notified in the Gazette of India Extraordinary (Part III Section 4) on the 6th September, 2001 vide Gazette No. 241 has approved the following discount/concession in the Vessel Related Charges and Cargo Related Charges of Calcutta Dock System (KoDS).

| <b>SI. No.</b> | <b>Types of Charges</b>   | <b>Discount/Concession Approved</b>   |
|----------------|---|---|
| 1.             | Berth Hire  |   |
| a              | Foreign-going vessels   | 22%   |
| b              | Coastal vessels   | 35%   |
| 2.             | Pilotage and Towage   |   |
| a              | Foreign-going vessels   | 22%   |
| b              | Coastal vessels   | 35%   |
| 3.             | Volume of Discount in Container Handling  |   |
| a              | For handling 51-100 TEUs per month by individual importer/exporter.             | 5% of consolidated Box Rate   |
| b              | For handling above 100 TEUs per month by individual importer/ exporter.         | 10% of consolidated Box Rate  |
| 4.             | For use of private equipment to handle logs inside the dock by the licensees    | 30% of the applicable wharfage  |
| 5.             | Lifting Charge for handling of log.   | 100% on each log weighing up to 20 tones.   |
| 6.             | Berth Hire of LASH Barges   | 50% of the applicable Berth Hire for the period the barges actually carry out landing/shipment operation and Fleeting Charge of 1 (one) Cent per GRT per 8 (eight) Hours or part thereof. No minimum ceiling of Berth Hire Charge is applicable for LASH Barge. |
| 7              | Concession in Demurrage Free period for delivery of Cargo using Port Equipment. | 7 (seven) Days Free Period inclusive of Sundays and Holidays for non-hazardous import cargo.  |

1. Further to the above, the Board of Trustees for Calcutta Port Trust in their 12th Special Meeting held on 10th September, 2001 has approved of Additional Remission under Section 53 of the Major Port Trusts Act. 1963. Broadly Berth Hire and Towage & Pilotage Charges for HDC and KoDS have been equated and Demurrage Free Period for containerized cargo has been extended upto 20 (twenty) Days. The Details are furnished in Annexure I & II.

Enclo: As stated

(N.K. Jha)  
Traffic Manager (I/C)

**TREATY OF TRADE BETWEEN  
THE GOVERNMENT OF NEPAL AND  
THE GOVERNMENT OF INDIA**

The Government of Nepal and the Government of India (hereinafter referred to as the Contracting Parties),

Being conscious of the need to fortify the traditional connection between the markets of the two countries,

Being animated by the desire to strengthen economic cooperation between them,

Impelled by the urge to develop their economies for their several and mutual benefit, and

Convinced of the benefits of mutual sharing of scientific and technical knowledge and experience to promote mutual trade,

Have resolved to conclude a Treaty of Trade in order to expand trade between their respective territories and encourage collaboration in economic development, and

Have for this purpose appointed as their Plenipotentiaries the following persons, namely,

|  |  |
|--|--|
| ( Rajendra Mahto )<br>Minister of Commerce and Supplies<br>For the Government of Nepal | ( Anand Sharma )<br>Minister of Commerce and Industry<br>For the Government of India |
|--|--|

Who, having exchanged their full powers and found them good and in due form, have agreed as follows:

**ARTICLE I**

The Contracting Parties shall explore and undertake all measures, including technical cooperation, to promote, facilitate, expand and diversify trade between their two countries.

**ARTICLE II**

The Contracting Parties shall endeavour to grant maximum facilities and to undertake all necessary measures for the free and unhampered flow of goods, needed by one country from the other, to and from their respective territories.

**ARTICLE III**

Both the Contracting Parties shall accord unconditionally to each other treatment no less favourable than that accorded to any third country with respect to (a) customs duties and charges of any kind imposed on or in connection with importation and exportation, and (b) import regulations including quantitative restrictions.

**ARTICLE IV**

The Contracting Parties agree, on a reciprocal basis, to exempt from basic customs duty as well as from quantitative restrictions the import of such primary products as may be mutually agreed upon, from each other.

## **ARTICLE V**

Notwithstanding the provisions of Article III and subject to such exceptions as may be made after consultation with the Government of Nepal, the Government of India agree to promote the industrial development of Nepal through the grant on the basis of non-reciprocity of specially favorable treatment to imports into India of industrial products manufactured in Nepal in respect of customs duty and quantitative restrictions normally applicable to them.

## **ARTICLE VI**

With a view to facilitating greater interchange of goods between the two countries, the Government of Nepal shall endeavour to exempt, wholly or partially, imports from India from customs duty and quantitative restrictions to the maximum extent compatible with their development needs and protection of their industries.

## **ARTICLE VII**

Payment for transactions between the two countries will continue to be made in accordance with their respective foreign exchange laws, rules and regulations. The Contracting Parties agree to consult each other in the event of either of them experiencing difficulties in their mutual transactions with a view to resolving such difficulties.

## **ARTICLE VIII**

The Contracting Parties agree to co-operate effectively with each other to prevent infringement and circumvention of the laws, rules and regulations of either country in regard to matters relating to foreign exchange and foreign trade.

## **ARTICLE IX**

Notwithstanding the foregoing provisions, either Contracting Party may maintain or introduce such restrictions as are necessary for the purpose of:

- (a) Protecting public morals,
- (b) Protecting human, animal and plant life,
- (c) Safeguarding national treasures,
- (d) Safeguarding the implementation of laws relating to the import and export of gold and silver bullion, and
- (e) Safeguarding such other interests as may be mutually agreed upon.

## **ARTICLE X**

Nothing in this treaty shall prevent either Contracting Party from taking any measures which may be necessary for the protection of its essential security interests or in pursuance of general international conventions, whether already in existence or concluded hereafter, to which it is a party relating to transit, export or import of particular kinds of articles such as narcotics and psychotropic substances or in pursuance of general conventions intended to prevent infringement of industrial, literary or artistic property or relating to false marks, false indications of origin or other methods of unfair competition.

## **ARTICLE XI**

In order to facilitate effective and harmonious implementation of this Treaty, the Contracting Parties shall consult each other regularly.

## **ARTICLE XII**

- (a) This Treaty shall come into force on the date of its signature. It shall supersede the Treaty of Trade concluded between the Government of Nepal and the Government of India on 6<sup>th</sup> December 1991, as amended or modified from time to time.
- (b) This Treaty shall remain in force for a period of seven years and shall be automatically extended for further periods of seven years at a time, unless either of the parties gives to the other a written notice, three months in advance, of its intention to terminate the Treaty.
- (c) This Treaty may be amended or modified by mutual consent of the Contracting Parties.
- (d) The Protocol annexed to this Treaty shall constitute its integral part.

Done in duplicate in Hindi, Nepali and English languages, all the texts being equally authentic, at Kathmandu on 27<sup>th</sup> October 2009. In case of doubt, the English text will prevail.

|  |   |
|--|---|
| (Rajendra Mahto)<br>Minister of Commerce and Supplies<br>For the Government of Nepal | ( Anand Sharma)<br>Minister of Commerce and Industry<br>For the Government of India |
|--|---|

## **Protocol to the Treaty of Trade**

### **I. With Reference to Article I**

1. It is understood that the trade between the two Contracting Parties shall be conducted through the mutually agreed routes as are mentioned in the Annexure A. Such mutually agreed routes would be subject to joint review as and when required.
2. It is further understood that the exports to and imports from each other of goods which are not subject to prohibitions or duties on exportation or importation shall continue to move through the traditional routes on the common border.
3. The Government of India, on request from the Government of Nepal, will make best endeavour to assist Nepal to increase its capacity to trade through improvement in technical standards, quarantine and testing facilities and related human resource capacities.
4. Both Contracting Parties will facilitate cross-border flow of trade through simplification, standardization and harmonization of customs, transport and other trade related procedures and development of border infrastructure.
5. The Contracting Parties shall undertake measures to reduce or eliminate non-tariff, para-tariff and other barriers that impede promotion of bilateral trade.
6. Both parties shall allow duty free , temporary importation of the used machinery and equipments into their territory for the purpose of repair and maintenance of such machinery and equipments ten years from the date of exportation subject to the following conditions:
  - (i) Goods are re-exported within six months of the date of re-importation.
  - (ii) The Customs is satisfied as regards to the proof of identity of the used machinery and equipments.
  - (iii) The importer at the time of importation executes a bond undertaking to:
    - (a) export the goods after repairs or reconditioning within the period as stipulated;
    - (b) pay on demand, in the event of its failure to comply with any of the aforesaid conditions the applicable customs duties.
7. Both parties shall take measures to exchange trade related data with each other from time to time, with a view to facilitate the flow of trade and transport.

### **II. With Reference to Article II**

1. It is understood that all goods of Indian or Nepalese origin shall be allowed to move unhampered to Nepal or India respectively without being subjected to any quantitative restrictions, licensing or permit system with the following exceptions:
  - (a) Goods restricted for export to third countries,
  - (b) Goods subject to control on price for distribution or movement within the domestic market, and

- (c) Goods prohibited for export to each other's territories to prevent deflection to third countries.
- 2. In order to facilitate the smooth flow of goods across the border, the list of commodities subject to restrictions/prohibitions on exports to each other's territories shall be immediately communicated through diplomatic channels as and when such restrictions/prohibitions are imposed or relaxed.
- 3. It is further understood that when notifications regarding restrictions on exports to each other are issued, adequate provisions will be made therein to allow the export to each other of the goods which are already covered under the forward contract or by Letter of Credit or goods which are already in transit and/or booked through the railways or other public sector transport undertakings or goods which have already arrived at the border customs posts on the day of the notification.
- 4. In respect of goods falling under prohibited or restricted categories as mentioned in paragraph 1 above and where needed by one Contracting Party, the other shall authorise exports of such goods subject to specific annual quota allocations. Specific request list of such goods shall be furnished to each other by the end of November, and specific quota allocations for the following calendar year shall be made by the end of December with due regard to the supply availability and the overall need of the other Contracting Party. The quota list may be jointly reviewed as and when necessary.
- 5. The Contracting Parties shall take appropriate measures and co-operate with each other to prevent unauthorized import in excess of the quota of goods the export of which is prohibited or restricted from the territory of the other Contracting Party.
- 6. Both parties shall grant recognition to the Sanitary and Phytosanitary certificates (including health certificates) issued by the competent authority of the exporting country, based on assessment of their capabilities, in the area of food and agriculture product (including primary, semi processed and processed), and shall allow entry of these products into their markets on the basis of these certificates subject to meeting the mandatory requirement of the importing country.

### **III. With Reference to Article III**

- 1. The Government of India will allow the Government of Nepal payment of the excise and other duties collected by the Government of India on goods produced in India and exported to Nepal provided that:
  - (i) Such payment shall not exceed the import duties and like charges levied by the Government of Nepal on similar goods imported from any other country, and
  - (ii) The Government of Nepal shall not collect from the importer of the said Indian goods so much of the import duty and like charges as is equal to the payment allowed by the Government of India.

#### **IV. With Reference to Article IV**

1. The following primary products would be eligible for preferential treatment:
  1. Agriculture, horticulture, floriculture and forest produce,
  2. Minerals which have not undergone any processing,
  3. Rice, pulses, flour, atta, bran and husk,
  4. Timber,
  5. Jaggery (gur and shakar),
  6. Livestock, poultry bird and fish,
  7. Bees, bees-wax and honey,
  8. Raw wool, goat hair, bristles and bones as are used in the manufacture of bone-meal,
  9. Milk, home made products of milk and eggs,
  10. Ghani-produced oil and oilcakes,
  11. Herbs, ayurvedic and herbal medicines, including essential oils and its extracts,
  12. Articles produced by village artisans as are mainly used in villages,
  13. Akara,
  14. Yak Tail,
  15. Stone aggregate, boulder, sand and gravel,
  16. Any other primary products, which may be mutually agreed upon.
2. It is understood that in the matter of internal taxes or charges the movement of primary products of either Contracting Party to any market destinations in the territory of the other shall be accorded treatment no less favorable than that accorded to the movement of its own primary products within its territory.
3. It is also understood that the aforesaid provisions will not preclude a Contracting Party from taking any measures, which it may deem necessary on the exportation of primary products to the other.

#### **V. With Reference to Article V**

1. The Government of India will provide preferential access to the Indian market free of customs duties normally applicable and quantitative restrictions except as mentioned elsewhere, for all articles manufactured in Nepal, provided they fulfill the qualifying criteria given below:
  - (a) The articles are manufactured in Nepal wholly from Nepalese materials or Indian materials or Nepalese and Indian materials. In addition, the following products, but not limited to, shall be considered as wholly produced or manufactured.
    - (i) Raw materials or mineral products extracted from soil, water, riverbed or beneath the riverbed.
    - (ii) Products taken from the seabed, ocean floor or sub-soil thereof beyond the limits of national jurisdiction, provided it has the exclusive rights to exploit that seabed, ocean floor or sub-soil thereof, in accordance with

- the provisions of the United Nations Convention on the Law of the Sea (UNCLOS).
- (iii) Used articles collected there, fit only for the recovery of raw materials.
  - (iv) Waste and scrap resulting from manufacturing operations conducted there.
- (b) (i) The articles involve a manufacturing process in Nepal that brings about a change in classification, at four digit level, of the Harmonized Commodities Description and Coding System, different from those, in which all the third country origin materials used in its manufacture are classified; and the manufacturing process is not limited to insufficient working or processing as indicated in Annexure "B", and
- (ii) The total value of materials, parts or produce originating from non-Contracting Parties or of undetermined origin used does not exceed 70% (seventy percent) of the FOB price of the articles produced, and the final process of manufacturing is performed within the territory of Nepal.

**Note:**

The value of materials, parts or produce originating from non-Contracting Parties shall be the CIF value at the time of importation of materials, parts or produce, at the point of entry in Nepal, where this can be proven, or the earliest ascertainable price paid for the materials, parts or produce of undetermined origin in the territory of the Contracting Party where the working or processing takes place.

- (c) For Nepalese articles not fulfilling the conditions given in sub-para-1 (b) (i) above, but fulfilling the condition at sub-para-1 (b)(ii) above, preferential access may be given by the Government of India, on a case by case basis, after satisfying itself that such article has undergone a sufficient manufacturing process within Nepal.
  - (d) However, the import of Nepalese manufactured articles described in Annexure "C" which fulfill the criteria in sub-para-1 (a) or (b) (i) & (ii) above will be governed by the terms specified in this Annexure.
  - (e) In the case of other articles manufactured in Nepal which do not fulfill the qualifying criteria specified in sub-para-1 (a) or (b) (i) & (ii) above, the Government of India will provide normal access to the Indian market consistent with its MFN treatment. The Certificate of Origin for MFN export will be as prescribed in Annex D/II
2. Import of articles in accordance with the para-1 above shall be allowed by the Indian customs authorities on the basis of the Certificate of Origin to be issued by the agency designated for this purpose by the Government of Nepal in the format prescribed at Annexure – D/I for each consignment of articles exported from Nepal to India. Information regarding the basis of calculation for grant of such Certificates of Origin to the manufacturing facilities in Nepal will be provided to the Government of India on an annual basis. Preferential facility shall not be available for the articles listed at Annexure-“E”.

3. On the basis of a Certificate issued, for each consignment of articles manufactured in the small-scale units in Nepal, by the Government of Nepal, that the relevant conditions applicable to the articles manufactured in similar Small Scale Industrial units in India for relief in the levy of applicable Excise Duty rates are fulfilled for such a parity, Government of India will extend parity in the levy of Additional Duty on such Nepalese articles equal to the treatment provided in the levy of effective Excise Duty on similar Indian articles under the Indian Customs and Central Excise Tariff. However, this facility will be applicable only to articles manufactured in Nepal in such small-scale units, which qualify as small-scale units under the Nepalese Industrial Policy as on 5<sup>th</sup> December 2001.
4. The “Additional Duty” rates equal to the effective Indian excise duty rates applicable to similar Indian products under the Indian Customs & Central Excise Tariff will continue to be levied on the imports into India of products manufactured in the medium and large-scale units in Nepal.
5. Whenever imports into India of products manufactured in the medium and large scale units of Nepal attract an “Additional Duty” over and above an Additional Duty equivalent to the effective duty of excise applicable to similar products produced or manufactured in India, Government of India shall, upon request from Government of Nepal, consider waiver of such additional duties on imports of products from Nepal.  
**Explanation:** Additional Duty shall mean a duty levied under Section 3(5) of the Customs Tariff Act, 1975 of India.
6. In regard to additional duty collected by the Government of India in respect of manufactured articles other than those manufactured in “small” units; Wherever it is established that the cost of production of an article is higher in Nepal than the cost of production in a corresponding unit in India, a sum representing such difference in the cost of production, but not exceeding 25 per cent of the “additional duty” collected by the Government of India, will be paid to the Government of Nepal provided the Government of Nepal have given assistance to the same extent to the (manufacturers) exporters.
7. Export of consignments from Nepal accompanied by the Certificate of Origin will normally not be subjected to any detention/delays at the Indian customs border check posts and other places en route. However, in case of reasonable doubt about the authenticity of Certificate of Origin, the Indian Customs Authority may seek a clarification from the certifying agency, which will furnish the same within a period of thirty days. Meanwhile, the subject consignment will be allowed entry into India on provisional basis against a bond i.e. a legally binding undertaking as required. After examining the information so provided by the certifying agency, the Indian Customs Authority would take appropriate action to finalize the provisional assessment. Whenever considered necessary, request for a joint visit of the manufacturing facility may be made by the Indian Customs Authority, which would be facilitated by the concerned Nepalese authority within a period of thirty days.
8. Where for social and economic reasons, the import of an item into India is permitted only through public sector agencies or where the import of an item is prohibited under the Indian Trade control regulations, the Government of India will consider any request

- of the Government of Nepal for relaxation and may permit the import of such an item from Nepal in such a manner as may be found to be suitable.
9. For the purpose of calculation of import duties customs valuation procedures, as prescribed under the prevailing customs law, will be followed.

#### **VI. With reference to Article VI**

The Government of Nepal, with a view to continuing preferences given to Indian exports, will waive additional customs duty on all Indian exports during the validity of the Treaty.

#### **VII. With reference to Article VII**

Both Contracting Parties shall make provisions so that no discrimination will be made in respect of tax, including central excise, rebate and other benefits to exports merely on the basis of payment modality and currency of payment of trade. This would be made effective from the date to be mutually agreed to, after which the Protocol to Article III would become redundant.

Both contracting parties agreed to develop modalities for transition from the existing to the new system.

#### **VIII. With Reference to Article IX**

In the event of imports under the Treaty, in such a manner or in such quantities as to cause or threaten to cause serious injury to the domestic industry relating to the article, an investigation for application of safeguard measures may be initiated. The following conditions and limitations shall apply to an investigation for application of safeguards measures.

- a. a Party shall immediately deliver written notice to the other Party upon:
  - (i) initiating an investigatory process relating to serious injury or threat thereof and the reasons for it;
  - (ii) making a finding of serious injury or threat thereof caused by increased imports; and
  - (iii) taking a decision to apply a safeguard measure;
- b. in making the notification referred to in paragraph (a), the Party proposing to apply a safeguard measure shall provide the other Party with all pertinent information, which shall include evidence of serious injury or threat thereof caused by the increased imports, precise description of the goods involved and the proposed measure, proposed date of introduction and expected duration; the Party proposing to apply a measure is also obliged to provide any additional information which the Party considers pertinent;
- c. a Party proposing to apply a measure shall provide adequate opportunity for prior consultations with the other Party as far in advance of taking any such measure as practicable, with a view to reviewing the information arising from the investigation, exchanging views on the measure and reaching an agreement. Such consultation shall take place at the Joint Committee meeting set up by the two governments. If the consultations in the Joint Committee fail to resolve the issue within a period of sixty days from the date of request for consultation, then the requesting government shall be free to take appropriate remedial measures. The Nepal-India Inter Governmental Committee (IGC) will review such measures.

**Explanation:** The terms ‘**Domestic Industry**’ and ‘**Serious Injury**’ shall be interpreted as defined in the WTO Agreement on Safeguards.

The determination of ‘**Serious injury**’ shall be as per the WTO Safeguard Agreement.

“**Threat of injury**” means a situation in which a substantial increase of imports under the Treaty is of a nature so as to cause injury to the domestic producers, and that such injury, although not yet existing is clearly imminent. A determination of threat of injury shall be based on facts and not on mere allegation, conjecture, or remote or hypothetical possibility.

#### **IX. With reference to Article XI**

1. In case of problems arising in clearance of goods at the land customs stations, provided that the quality of goods in question would deteriorate or perish due to delays, such problem shall be dealt at the joint meeting of the local authorities comprising of the followings:
  - a. Customs officers
  - b. Quarantine/ food test officers
  - c. Representatives of local chambers
  - d. Any other local officials nominated by the respective government.
2. Such consultation will be carried out with a view to resolving the issue in an expeditious manner and at facilitating trade through resolving the issues in situ. However the case will be referred to the respective government, if the resolution could not be settled through such consultation.
3. Issues on bilateral trade and other trade related matters will be referred to an Inter-Governmental Committee (IGC) led by Secretaries in the Ministry of Commerce of the two Governments. The Committee shall meet at least once in six months alternatively in Kathmandu and New Delhi. An Inter-Governmental Sub-Committee (IGSC) shall be constituted at the level of Joint Secretaries of the Ministry of Commerce of the two countries, which shall meet at the interval of two IGC meetings. The Inter-governmental Sub-Committee shall be responsible for taking up extensive consultation and decisions on trade and trade related issues with a view to facilitating bilateral trade and making recommendation to Inter-governmental Committee, whenever necessary. The Sub-Committee shall also work as the Joint Committee as mentioned in Protocol with reference to Article IX above.

**Annexure “A”**

***AGREED ROUTES FOR MUTUAL TRADE***

1. Pashupatinagar/Sukhia Pokhari
2. Kakarbhitta/Naxalbari
3. Bhadrapur/Galgalia
4. Biratnagar/Jogbani
5. Setibandha/Bhimnagar
6. Rajbiraj/Kunauli
7. Siraha, Janakpur/Jayanagar
8. Jaleswar/Bhitamore (Sursand)
9. Malangawa/Sonabarsa
10. Gaur/Bairgania
11. Birgunj/Raxaul
12. Bhairahawa/Nautanwa
13. Taulihawa/Khunwa
14. Krishnanagar/Barhni
15. Koilabas/Jarwa
16. Nepalganj/Nepalganj Road
17. Rajapur/Katerniyaghat
18. Prithvipur/Sati (Kailali)/Tikonia
19. Dhangadhi/Gauriphanta
20. Mahendranagar/Banbasa
21. Mahakali/Jhulaghat (Pithoragarh)
22. Darchula/Dharchula
23. Maheshpur/Thutibari (Nawalparasi)
24. International Airports connected by Direct Flights between Nepal and India  
(Kathmandu/Delhi, Mumbai, Kolkatta and Chennai)
25. Sikta-Bhiswabazar
26. Laukha-Thadi
27. Guleria/Murtia

**Annexure “B”**

**ILLUSTRATIVE LIST OF  
INSUFFICIENT WORKING OR PROCESSING**

The following shall be considered as insufficient working or processing to confer the status of originating or manufactured or produced or made in Nepal, to an article, whether or not there is a change in heading classification at four digit level, of the Harmonized Commodities Description and Coding system, different from those in which all the third country origin materials used in its manufacture are classified: -

- b) Operations to ensure the preservation of articles in good condition during transport and storage (e.g., ventilation, spreading out, drawing, chilling, placing in salt, sulphur-dioxide or other aqueous solutions, removal of damaged parts and like operations);
- c) Operations consisting of removal of dust, shifting or screening, sorting, classifying, matching (including the making up of sets), washing, painting, cutting up;
- d) Changes of packing and breaking up and assembly of consignments;
- e) Slicing, cutting, slitting, re-packing, placing in bottles or flasks or bags or boxes or other containers, fixing on cards or boards, etc., and all other packing or re-packing operations;
- f) The affixing of marks, labels or other like distinguishing signs on articles or their packaging;
- g) Mixing of articles, whether or not of different kinds, where one or more components of the mixture do not meet the conditions laid down in para 1 (b) of Protocol to Article V of the Treaty to enable them to be considered as manufactured or produced or made in Nepal;
- h) Assembly of parts of an article to constitute a complete article;
- i) A combination of two or more operations specified in a) to g) above.

**Annexure “C”**

**Nepalese manufactured articles allowed entry into India  
free of customs duties on a fixed quota basis.**

| S.no. | Nepalese Article  | Quantity in MT per year           |
|-------|---|-----------------------------------|
| 1.    | Vegetable fats (Vanaspati)  | 100, 000 (One hundred thousand)   |
| 2.    | Acrylic Yarn  | 10, 000 (Ten thousand)            |
| 3.    | Copper products under Chapters 74.00 & Heading 85.44 of the H.S. Code | 10,000 (Ten thousand)             |
| 4.    | Zinc Oxide  | 2,500 (two thousand five hundred) |

- a) Imports into India of the above four commodities for quantities in excess of the fixed quota mentioned above will be permitted under normal MFN rates of duty, notwithstanding any concession in any other preferential arrangement.
- b) Imports into India of the above commodities will be permitted through the Land Customs Stations (LCS) at Kakarbhitta/Naxalbari, Biratnagar/Jogbani, Birganj/Raxaul, Bhairahawa/Nautanwa, Nepalganj/Nepalganj Road and Mahendranagar/Banbasa.
- c) Modalities of operationalization of the fixed quota on vegetable fat (Vanaspati) shall be as agreed from time to time.
- d) The existing administrative arrangements for operationalization of the fixed quota of Sl. no 2, 3 and 4 shall be reviewed for further simplification, as required.

**Annexure "D/I"**

**CERTIFICATE OF ORIGIN  
FOR EXPORTS FREE OF CUSTOMS DUTIES  
UNDER THE TREATY OF TRADE BETWEEN  
THE GOVERNMENT OF NEPAL AND  
THE GOVERNMENT OF INDIA**

Reference No. \_\_\_\_\_

1. Articles consigned from (Exporter's business name, address)
2. Articles consigned to (Consignee's name, address)
3. Means of transport and route
4. Item Number (HS Tariff Line)
5. Marks and number of package
6. Description of Articles
7. Gross weight or other quantity
8. Number and date of Invoice together with value
9. FOB value of the articles manufactured in Nepal:
  - (i) Whether articles are manufactured in Nepal under Para 1 (a) of the Protocol to Article V of the Treaty of Trade (Yes / No);
  - (ii) If articles are manufactured in Nepal under Para 1(b) (i) & (ii) of the Protocol to Article V of the Treaty of Trade;
  - (A) CIF value of materials, parts or produce originating from Non-Contracting Parties (i.e. other than Nepal & India) at the point of entry in Nepal: -
  - (B) Value of materials, parts or produce of undetermined origin.
11. Percentage of the sum of the value of col. 10 (ii) (A) & (B) to the value of col. 9:
12. Declaration by the exporter;

The undersigned hereby declares that the details furnished above are correct, that the articles are produced in Nepal and that they comply with the Rules of Origin specified in the Treaty of Trade between the Government of Nepal and the Government of India.

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(Place & Date, Signature of authorized signatory).

13. Certification
- It is certified that the articles herein referred to are eligible for preferential treatment as per provisions of the Treaty of Trade between the Government of Nepal and the Government of India. It is further certified that:
1. The articles have been manufactured in Nepal at a factory situated at \_\_\_\_\_ (name of the place/district) by M/s. \_\_\_\_\_  
\_\_\_\_\_  
(name of the company).

2. The articles involve manufacturing activity in Nepal and that the manufacturing activity satisfies the criteria given in the Protocol to Article V of the Treaty of Trade.
3. The articles in question are not products of third country origin\*.

For the Government of Nepal  
(Place and Date, Signature & Stamp of certifying authority)

14. For Official use of Indian Customs

The consignment has been examined and allowed to be imported into India as it complies with the provisions as stipulated under Article V of the Treaty of Trade between the Government of Nepal and the Government of India.

---

Signature & Seal of the  
Certifying authority

Dated:

Place:

---

\* For the purpose of the above item No. 3, the articles which have undergone a manufacturing process in Nepal as defined in the Protocol to Article V of the Treaty will not be treated as product of third country origin.

**Annexure -"D/II"**

**Certificate of Origin for export to India under MFN arrangement**

1. Product Name:
2. HS Code:
3. Manufacturing Unit in Nepal:
4. Article consigned from (Exporter's business name, address):
5. Article consigned to (Importer's name and address):
6. Marks and number of packages:
7. Description of Articles:
8. Gross weight or other quantity:
9. Number and date of Invoice together with value:
10. Ex-factory price of the Articles:
11. Declaration by exporter:

The undersigned hereby declares that the details furnished above are true and correct and complies with the provisions of Nepal-India Trade Treaty.

---

Place and Date, Signature of authorized signatory.

12. Certification by the competent authority:

The above declarations are correct to my knowledge and hence recommend for export to India under MFN arrangement.

---

Signature and seal of certifying authority

**Annexure “E”**

**MFN LIST OF ARTICLES  
WHICH WILL NOT BE ALLOWED  
PREFERENTIAL ENTRY FROM NEPAL TO INDIA  
ON THE BASIS OF CERTIFICATE OF ORIGIN TO BE  
GIVEN BY AGENCY DESIGNATED BY  
THE GOVERNMENT OF NEPAL**

1. Alcoholic Liquors/Beverages (\*) and their concentrates except industrial spirits,
2. Perfumes and cosmetics with non-Nepalese/non-Indian Brand names,
3. Cigarettes and Tobacco.

Note: Government of India may, in consultation with the Government of Nepal modify the above list.

- (\*) Nepalese beers can be imported into India on payment of the applicable liquor excise duty equal to the effective excise duty as levied in India on Indian beers under the relevant rules and regulations of India. (Nepalese beer has been exempted from the whole of the additional duty vide customs notification No. 178/2003-customs date 17.12.2003)

His Majesty's Government of Nepal  
**Ministry of Industry, Commerce and Supplies**

Phone : 2-26686  
Fax : 977-1-220319  
977-1-225594  
E-mail : moc@wlink.com.np  
SINGHA DURBAR  
KATHMANDU, NEPAL  
2nd March, 2002

Excellency,

I write to acknowledge the receipt of your letter of today's date, which reads as follows:

"Consequent upon the understandings reached between the commerce Secretaries of the Government of India and His Majesty's Government of Nepal during their meetings in Delhi from 27th February to 2nd March 2002, it has been agreed to extend the validity of all the twelve Articles of the India-Nepal Treaty of Trade, and Protocols to Articles I, II, III, IV and VI in their present form for a period of five years with effect from 6th March 2002. The revised Protocol to Article IX of the Treaty annexed to this letter will also be valid for the same period. However, there will be a transition period upto 16th April 2002 to complete the administrative arrangements to change over to the Certificate of Origin requirement as prescribed in Annexure - "D" of the revised Protocol to Article V of the Treaty. The existing Certificate of Origin shall also be applicable during this transition period. Any imports from Nepal into India of items under fixed quota as prescribed in Annexure - "C" of the revised Protocol to the Article V of the Treaty with effect from 6th March 2002 shall be through the designated Land Custom Stations and shall be counted towards the quota for the first year.

2. This letter and your Excellency's confirmation shall constitute as Agreement between our two Governments.
2. I shall be grateful if you could kindly confirm that the foregoing correctly sets out the understanding reached between our two Governments."

I confirm that the foregoing correctly sets out the understanding reached between us. Please accept, Excellency, the assurances of my highest consideration.

H.E. Mr Dipak Chatterjee,  
Commerce Secretary,  
Government of India.

Sd.  
(B.P. Acharya)  
Secretary

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Government of India  
Ministry of Commerce & Indust  
Department of Commerce  
Udyog Bhawan, New Delhi-11001  
2nd March, 2002

Excellency,

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3. I shall be grateful if you could kindly confirm that the foregoing correctly sets out the understanding reached between our two Governments."
4. Please accept, Excellency, the assurances of my highest consideration.

Sd.

H.E. Mr. B.P. Acharya  
Secretary, Ministry of Industry, Commerce and Supplies,  
His Majesty's Government of Nepal

Dipak Chatterjee,  
Commerce Secretary,  
Government of India.

His Majesty's Government of Nepal  
**Ministry of Industry, Commerce and Supplies**

Phone : 2-26686  
Fax : 977-1-220319  
977-1-225594  
E-mail : [moc@wlink.com.np](mailto:moc@wlink.com.np)  
SINGHA DURBAR  
KATHMANDU, NEPAL  
2nd March, 2002

Excellency,

I write to acknowledge the receipt of your letter of today's date, which reads as follows:

"During the discussions that led to the signing of the revised India-Nepal Treaty of Trade on March 2, 2002. Both India and Nepal agreed that if in the context of Nepal's accession to the WTO, certain difficulties deriving from WTO obligations of other country arise in the implementation of paras –3,4& 4.1 of Protocol to Article V of this Treaty, the two sides will review the relevant provisions in the Treaty and the Protocols, as may be necessary.

I shall be grateful if you could kindly confirm that the foregoing correctly sets out the understanding reached between our two Governments."

I confirm that the foregoing correctly sets out the understanding reached between us.

Please accept, Excellency, the assurances of my highest consideration.

H.E. Mr Dipak Chatterjee,  
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sd.  
(B.P. Acharya)  
Secretary

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Government of India  
Ministry of Commerce & Indust  
Department of Commerce  
Udyog Bhawan, New Delhi-11001

2<sup>nd</sup> March, 2002

Excellency,

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Please accept, Excellency, the assurances of my highest consideration.

H.E. Mr. B.P. Acharya  
Secretary,  
Ministry of Industry, Commerce & Supplies,  
His Majesty's Government of Nepal

sd.  
Dipak Chatterjee,  
Commerce Secretary,  
Government of India

Kathmandu  
January 5, 1999

Excellency,

Our two delegations have signed the Treaty of Trade, the Treaty of Transit and the Agreement on Cooperation between His Majesty's Government of Nepal and the Government of India to control unauthorized trade. The Treaty of Trade and the Agreement of Cooperation to Control unauthorized Trade were renewed on 3rd December 1996 and the Treaty of Transit has been renewed today, i.e., January 5 1999.

In the light of provisions as envisaged in each of the Treaties and the Agreement, officials designated by the two Governments shall meet separately at the appropriate levels as and when necessary and determine procedures as may be appropriate to discuss and resolve any problem that may arise in the effective and harmonious implementation of the issue relating to trade, transit and unauthorized trade.

It is further agreed that there shall be an Inter-Governmental Committee consisting of the senior representatives of the two Governments to promote trade, facilitate transit and control unauthorized trade between the two countries as envisaged in the Treaties and the Agreement. The Committee shall meet at least once in six months alternatively in Kathmandu and New Delhi. In any questions remain unresolved in the meetings on the official groups referred to in the foregoing paragraph, they shall be referred to this Committee which will find solutions thereof. The Committee may also deal with any matter on its own in order to further the purpose envisaged in the said Treaties and the Agreement.

I shall be grateful if you could kindly confirm that the foregoing correctly sets out the understanding reached between our two Governments".

Please accept, Excellency, the assurances of my highest consideration.

His Excellency  
Shri Purna Bahadur Khadka  
Minister of Commerce  
His Majesty's Government of Nepal

Yours sincerely,  
Sd.  
(Ramkrishna Hegde)  
Minister of Commerce  
Government of India

Kathmandu  
January 5, 1999

Excellency,

I write to acknowledge the receipt of your letter of today's date which reads as follows:

"Our two delegations have signed the Treaty of Trade, the Treaty of Transit and the Agreement on Cooperation between His Majesty's Government of Nepal and the Government of India to control unauthorized trade. The Treaty of Trade and the Agreement of Cooperation to Control unauthorized Trade were renewed on 3rd December 1996 and the Treaty of Transit has been renewed today, i.e., January 5 1999.

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It is further agreed that there shall be an Inter-Governmental Committee consisting of the senior representatives of the two Governments to promote trade, facilitate transit and control unauthorized trade between the two countries as envisaged in the Treaties and the Agreement. The Committee shall meet at least once in six months alternatively in Kathmandu and New Delhi. In any questions remain unresolved in the meetings on the official groups referred to in the foregoing paragraph, they shall be referred to this Committee which will find solutions thereof. The Committee may also deal with any matter on its own in order to further the purpose envisaged in the said Treaties and the Agreement.

I shall be grateful if you could kindly confirm that the foregoing correctly sets out the understanding reached between our two Governments".

I confirm that the forgoing correctly sets out the understanding reached us.

Please accept, Excellency, the assurances of my highest consideration.

Sd.

H. E. Mr. Ramkrishna Hegde  
Minister of Commerce  
Government of India

Purna Bahadur Khadka  
Minister of Commerce  
His Majesty's Government of Nepal

December 3, 1996

Excellency,

Consequent upon the understandings reached between the Commerce Secretaries of His Majesty's Government of Nepal and Government of India during their meeting in Kathmandu on July 4-7, 1996, and subsequent follow-up action thereon, it has been agreed to further liberalize the provision made in the Treaty of Trade signed between the two Government on December 6, 1991 by replacing the existing part V of Protocol to the Treaty of Trade by a new part V of the Protocol enclosed herewith as Annexure 'A'.

2. Further, in terms of Article XII, this Treaty is due to expire on December 5, 1996. It has been agreed that the existing Treaty be extended by modifying the present provision of renewal in Article XII to Treaty of Trade to read as below:-

**"Article XII**

This Treaty shall remain in force upto December 5, 2001 and shall be automatically extended for further periods of five (5) years at a time, unless either of the parties gives to the other a written notice, three months in advance, of its intention to terminate the Treaty.

This Treaty may be amended or modified by mutual consent of the parties"

3. This letter and your Excellency's confirmation shall constitute an Agreement between our two Governments which shall enter into force from the date of your reply.
4. It is requested that these understandings may be confirmed.

Please accept, Excellency, the assurances of my highest consideration.

H.E. Tejendra Khanna  
Commerce Secretary,  
Government of India  
New Delhi, India

Yours sincerely,  
Sd.  
(Mohan Dev Pant)  
Secretary

December 3, 1996

Excellency,

I have the honor to acknowledgement the receipt of your letter dated December 3, 1996 which reads as follows:

Consequent upon the understandings reached between the Commerce Secretaries of His Majesty's Government of Nepal and Government of India during their meeting in Kathmandu on July 47, 1996, and subsequent follow -up action thereon, it has been agreed to further liberalize the provision made in the Treaty of Trade signed between the two Government on December 6, 1991 by replacing the existin g part V of Protocol to the Treaty of Trade by a new part V of the Protocol enclosed herewith as **Annexure 'A'**.

2. Further, in terms of Article XII, this Treaty is due to expire on December 5, 1996. It has been agreed that the existing Treaty be extended by modifying the present provision of renewal in Article XII to Treaty of Trade to read as below:-

**"Article XII**

This Treaty shall remain in force upto December 5, 2001 and shall be automatically extended for further periods of five (5) years at a time, unless either of the parties gives to the other a written notice, three months in advance, of its intention to terminate the Treaty.

This Treaty may be amended or modified by mutual consent of the parties"

3. This letter and your Excellency's confirmation shall constitute an Agreement between our two Governments, which shall enter into force from the date of your reply.
4. It is requested that these understandings may be confirmed.
2. I have further the honor to confirm on behalf of the Government of the Republic of India the foregoing understandings and to agree that Your Excellency's letter and this letter of confirmatory reply shall be regarded as constituting an agreement between our two Governments and shall enter into force from the date this reply.

Please accept, Excellency, the assurances of my highest consideration.

Yours sincerely,

H.E. Mohan Dev Pant

Commerce Secretary,

His Majesty's Government of Nepal

Kathmandu, Nepal

Sd.

(Tejendra Khanna)

Commerce Secretary

Government of India

**AGREEMENT OF CO-OPERATION BETWEEN  
GOVERNMENT OF NEPAL AND  
THE GOVERNMENT OF INDIA TO CONTROL  
UNAUTHORIZED TRADE**

The Government of Nepal and the Government of India (hereinafter also referred to as the Contracting Parties).

KEEN to sustain the good neighbourliness through mutually beneficial measures at their common border which is free for movement of persons and goods.

Have agreed as follows:

**Article I**

The Contracting Parties, while recognizing that there is a long and open border between the two countries and there is free movement of persons and goods across the border and noting that they have the right to pursue independent foreign trade policies, agree that either of them would take all such measures as are necessary to ensure that the economic interests of the other party are not adversely affected through unauthorized trade between the two countries.

**Article II**

The Contracting Parties agree to co-operate effectively with each other, to prevent infringement and circumvention of the laws, rules and regulations of either country in regard to matters relating to Customs, Narcotics and Psychotropic Substances, Foreign Exchange and Foreign Trade and shall for this purpose assist each other in such matters as consultation, enquiries and exchange of information with regard to matters concerning such infringement or circumvention.

**Article III**

Subject to such exception as may be mutually agreed upon, each Contracting Party shall prohibit re-exports to the territory of the other Contracting Party of goods imported from third countries without manufacturing activity.

However, the above shall not be applicable in case of the export of Nepalese goods into India under the procedure set out in protocol V to the Treaty of Trade between Government of Nepal and the Government of India.

There will be no restriction on re-export from the territory of a Contracting Party to third countries of the goods imported from the other Contracting Party without manufacturing activity in the Contracting Party.

**Article IV**

Each Contracting Party will;

- (a) prohibit and take appropriate measures to prevent import from the territory of the other Contracting Party of goods liable to be re-exported to third countries from its territory and the export of which from the territory of the other Contracting Party to its territory is prohibited;
- (b) in order to avoid inducement towards diversion of imported goods to the other Contracting Party, take appropriate steps through necessary provisions relating to

Baggage Rules, gifts and foreign exchange authorization for the import of goods from third countries.

### **Article V**

The Contracting Parties shall compile and exchange with each other statistical and other information relating to unauthorized trade across the common border. They also agree to exchange with each other regularly the lists of goods the import and export of which are prohibited, or restricted or subject to control according to their respective laws and regulations.

### **Article VI**

The respective heads of the Border Customs Offices of each country shall meet regularly with his counterpart of appropriate status at least once in two months alternately across the common border:

- (a) to co-operate with each other in the prevention of unauthorized trade;
- (b) to maintain the smooth and uninterrupted movement of goods across their territories;
- (c) to render assistance in resolving administrative difficulties as may arise at the field level.

### **Article VII**

In order to facilitate effective and harmonious implementation of this Agreement, the Contracting Parties shall consult each other regularly.

### **Article VIII**

- (a) This Agreement shall come into force on the date of its signature. It shall supersede the Agreement of Cooperation to Control Unauthorized Trade concluded between the Government of Nepal and the Government of India on 6<sup>th</sup> December 1991, as amended or modified from time to time.
- (b) This Agreement shall remain in force for a period of seven years. It may be renewed for further periods of seven years, at a time, by mutual consent subject to such modifications as may be agreed upon.
- (c) In witness whereof the undersigned being duly authorized by their respective governments have signed this Agreement.

Done in duplicate in Hindi, Nepali and English languages, all the texts being equally authentic, at Kathmandu on 27<sup>th</sup> October 2009. In case of doubt, the English text will prevail.

(Rajendra Mahto )  
Minister of Commerce and Supplies  
For the Government of Nepal

(Anand Sharma )  
Minister of Commerce and Industry  
For the Government of India

Government of Nepal  
**Ministry of Commerce and Supplies**

Ref. No. 164/063-64

SINGHA DURBAR  
Kathmandu (NEPAL)

March 5, 2007

**Excellency,**

I have the honour to acknowledge the receipt of your letter dated March 2, 2007, which reads as follows:

"Consequent upon the understandings reached during the Joint Secretary level meeting between the Government of India and Government of Nepal during their meetings in Kathmandu on 22-23 February, 2007, it has been agreed to extend the validity of all the eight Articles of the Agreement of Cooperation between Government of India and Government of Nepal to Control Unauthorised Trade in their present form for a period of five years with effect from 6th March 2007.

2. This letter and your Excellency's confirmation shall constitute as Agreement between our two Governments.
3. I shall be grateful if you could kindly confirm that the foregoing correctly sets out the understanding reached between our two Governments."

I confirm that the foregoing correctly sets out the understanding reached between us.

Please accept, Excellency, the assurances of my highest consideration.

H.E. Mr. G.K. Pillai  
Commerce Secretary  
Government of India

Yours sincerely,  
Sd.  
(Bharat Bahadur Thapa)  
Secretary

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COMMERCE SECRETARY,  
GOVERNMENT OF INDIA  
NEW DELHI-11001

DO No. 3/5/2007 FT(SA)

March 2, 2007

**Excellency,**

"Consequent upon the understandings reached during the Joint Secretary level meeting between the Government of India and Government of Nepal during their meetings in Kathmandu on 22-23 February, 2007, it has been agreed to extend the validity of all the eight Articles of the Agreement of Cooperation between Government of India and Government of Nepal to Control Unauthorised Trade in their present form for a period of five years with effect from 6th March 2007.

2. This letter and your Excellency's confirmation shall constitute as Agreement between our two Governments.
3. I shall be grateful if you could kindly confirm that the foregoing correctly sets out the understanding reached between our two Governments."
4. Please accept, Excellency, the assurances of my highest consideration.

H.E. Mr. Bharat Bahadur Thapa  
Secretary  
Ministry of Industry, Commerce and Supplies  
Government of Nepal  
Kathmandu

Yours sincerely,  
Sd  
(G.K. Pillai)

His Majesty's Government of Nepal  
**Ministry of Industry, Commerce and Supplies**

Phone : 2-26686  
Fax : 977-1-220319  
977-1-225594  
E-mail : [moc@wlink.com.np](mailto:moc@wlink.com.np)  
SINGHA DURBAR  
KATHMANDU, NEPAL  
5th March, 2002

Excellency,

I write to acknowledge the receipt of your letter of today's date, which reads as follows:

"Consequent upon the understandings reached between the Commerce Secretaries of the Government of India and His Majesty's Government of Nepal during their meetings in Delhi from 27th February to 2nd March 2002, it has been agreed to extend the validity of all the eight Articles of the Agreement of Co-operation between Government of India and His Majesty's Government of Nepal to Control Unauthorised Trade in their present form for a period of five years with effect from 6th March 2002.

2. This letter and your Excellency's confirmation shall constitute as Agreement between our two Governments.
3. I shall be grateful if you could kindly confirm that the foregoing correctly sets out the understanding reached between our two Governments."

I confirm that the foregoing correctly sets out the understanding reached between us.

Please accept, Excellency, the assurances of my highest consideration.

H.E. Mr Dipak Chatterjee,  
Commerce Secretary,  
Government of India.

Sd.  
(B.P. Acharya)  
Secretary

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COMMERCE SECRETARY,  
GOVERNMENT OF INDIA  
NEW DELHI-11001

No. 3/27/2001 FT(SA)

March 5, 2002

Excellency,

"Consequent upon the understandings reached between the Commerce Secretaries of the Government of India and His Majesty's Government of Nepal during their meetings in Delhi from 27th February to 2nd March 2002, it has been agreed to extend the validity of all the eight Articles of the Agreement of Co-operation between Government of India and His Majesty's Government of Nepal to Control Unauthorised Trade in their present form for a period of five years with effect from 6th March 2002.

This letter and your Excellency's confirmation shall constitute as Agreement between our two Governments.

Please accept, Excellency, the assurances of my highest consideration.

H.E. Mr. B.P. Acharya  
Secretary,  
Ministry of Industry, Commerce & Supplies,  
Kathmandu

Sd.  
(D. Chatterjee)

**RAIL SERVICES AGREEMENT**  
**BETWEEN**  
**MINISTRY OF INDUSTRY, COMMERCE AND SUPPLIES**  
**HIS MAJESTY'S GOVERNMENT OF NEPAL**  
**AND**  
**MINISTRY OF RAILWAYS, GOVERNMENT OF INDIA**  
**(As amended)**

**2. General**

- 2.1 Ministry of Industry, Commerce and Supplies, His Majesty's Government of Nepal and Ministry of Railways, Government of India have entered into this Agreement for operating and managing the rail services between Calcutta/Haldia Ports in India and Birgunj in Nepal via Raxaul in India for transit traffic and between stations on Indian Railways and Birgunj via Raxaul for bilateral traffic.
- 2.2 This Agreement will be called '**Nepal-India Rail Services Agreement**'.
- 2.3 Aspects related to operation of rail services will be governed by the applicable laws of the two countries, until other provisions are mutually agreed upon.
- 2.4 This Agreement shall remain in force for a period of **10 years** from the date of signing and shall, thereafter, be automatically extended for a further period of five years at a time unless either of the parties gives to the other a written notice, six months in advance, of its intention to terminate the Agreement. The provisions of the Agreement shall be reviewed every five years and may be modified by the Contracting Parties by mutual consent.
- 2.5 In case of divergence, provisions of this Agreement will prevail over the provisions of Treaty of Transit in respect of movement of transit traffic to and from Birgunj ICD.

**2.6 Definitions:**

|                                |   |
|--------------------------------|---|
| <b>BCN/BCX</b>                 | Types of eight wheeler covered wagons used by Indian Railways to carry cargo.   |
| <b>Bilateral Traffic</b>       | Cargo originating or terminating in India and moving between India and Nepal  |
| <b>Block Rake</b>              | A full load train starting from a single originating station carrying traffic for a single destination station without any setoff stations en route.                        |
| <b>Four-wheeler equivalent</b> | Indian Railways enumerate wagon population in terms four-wheeler equivalents by using a standard conversion formula for all types of wagons.                                |
| <b>GOI</b>                     | Government of India.  |
| <b>HMGN</b>                    | His Majesty's Government of Nepal.  |
| <b>ICD</b>                     | Inland Container Depot is a common user facility with public authority status equipped with fixed installations and offering services for handling and temporary storage of |

|                          |   |
|--------------------------|---|
|                          | import/export laden and empty containers carried under customs control and with customs and other agencies competent to clear goods for home use, warehousing, temporary admissions, re-export, temporary storage for onward transit and outright export. |
| <b>ICD Birgunj</b>       | Facility located at Birgunj (Sirsiba) for handling containers and break-bulk cargo for imports into and exports from Nepal.   |
| <b>Indian Railways</b>   | Railway administration under MOR or its successors duly designated by GOI.  |
| <b>ISO Containers</b>    | Containers built in accordance with the specifications of International Standards Organization.   |
| <b>Calcutta Port</b>     | Seaport in India nominated to handle transit cargo to and from Nepal. Includes the seaport at Haldia.   |
| <b>Marshalling Order</b> | Sequence of individual wagons on a freight train.   |
| <b>MOICS</b>             | Ministry of Industry, Commerce and Supplies, His Majesty's Government of Nepal.   |
| <b>MOR</b>               | Ministry of Railways, Government of India.  |
| <b>NITDB</b>             | Nepal Inter-modal Transport Development Board.  |
| <b>TMC</b>               | Terminal Management Company, the entity appointed by MOICS to operate and manage the ICD at Birgunj.  |
| <b>Transit Traffic</b>   | Cargo originating in countries other than India and moving over Indian Territory to and from Nepal.   |

**3.**

**Rail Links between India and Nepal**

- 3.1 Only one broad gauge rail link between **Raxaul** (India) and **Birgunj** (Nepal) is operational between India and Nepal.

**3.**

**Interchange Station**

- 3.1 Raxaul will be the nominated Interchange Station for running of trains between Raxaul and Birgunj.
- 3.2 Trains running between Raxaul and Birgunj would be deemed to have been interchanged between the two countries on departure from (for trains from India to Nepal) and arrival at (for trains from Nepal to India) Raxaul.

**4.**

**Terminal Management Company**

- 4.1 The ICD at Birgunj will be operated and managed by a Terminal Management Company (TMC) appointed by His Majesty's Government of Nepal. The TMC will work in accordance with the provisions of this Agreement.
- 4.2 The Terminal Management Company (TMC) would either be Nepalese company or an Indian company or an Indo-Nepal Joint Venture Company to be selected through competitive bidding. In case an Indian company is selected, it will be required to select a Nepalese Joint Venture partner and register in accordance with Nepalese laws before signing of the lease Agreement.

- 5. Timings for Interchange of Trains**
  - 5.1 Trains will be interchanged between India and Nepal any time during day and night on all days of the week.
- 6. Train Schedules and Transit Times**
  - 6.1 Trains will run to open timings without any advertised Train Schedules.
- 7. Maintenance of Railway Track**
  - 7.1 Railway tracks, bridges and associated structures in Nepalese territory will be maintained by the agency designated for this purpose by MOICS as per schedule and standard of maintenance advised by MOR.
- 8. Maintenance of Wagons**
  - 8.1 There will not be any regular wagon maintenance activity at Birgunj terminal in Nepal.
  - 8.2 TMC will ensure that marshalling integrity of the incoming block rakes is maintained while dispatching outward trains, which will run with the incoming Brake Power Certificate.
  - 8.3 Personnel of Indian Railways will be sent to Birgunj for temporary repairs of such damaged wagons as cannot be moved without this attention upon a written request of TMC. The TMC will provide adequate facilities, including storage space for stocking spare parts of wagons at Birgunj, to facilitate such repairs.
- 9. Joint Mechanical Examination of Rolling Stock**
  - 9.1 Representatives of the respective agencies designated for this purpose by MOR and MOICS will jointly inspect at Raxaul each wagon/flat going in interchange from India to Nepal and returning in interchange from Nepal to India to ensure that wagons/flats are sent from India fit in all respects and received back from Nepal in the same condition.
  - 9.2 Records for such Joint Inspection of wagons/flats will be maintained at the Interchange Station duly authenticated by the representatives of the agencies designated for this purpose by MOR and MOICS.
  - 9.3 MOR or an agency designated by it for this purpose, will raise debits on a bi-monthly basis in respect of wagon deficiencies detected in wagons returning from Nepal and the agency designated for this purpose by MOICS will accept and settle such debits.
- 10. Rolling Stock Permitted to be Interchanged**
  - 10.1 Only containers of ISO specifications loaded on flat wagons/BOX wagons owned by Indian Railways or Container Corporation of India will be permitted for interchange between India and Nepal. However, Reefer containers will be permitted at a later date by mutual consent.
  - 10.2 BCN, BCNA, BCX type of wagons owned by Indian Railways will be allowed in interchange between India and Nepal.
  - 10.3 All trains between India and Nepal will be worked by locomotives of Indian Railways and will be provided with a Guard's Brake Van.
  - 10.4 Accident Relief Trains, Breakdown Special Trains and Restoration Special Trains will be allowed to move from India to Nepal and back in connection with restoration of traffic after any accident/breakdown on the Nepalese portion of the track.

10.5 MOR and MOICS may permit any other type of rolling stock to be interchanged between the two countries with prior mutual consent.

**11. Composition of Trains**

11.1 Only standard block rakes of the permitted types of wagons for a single destination (with the same compositions of wagons as authorized for operations of trains on Indian Railways) will be interchanged between India and Nepal. Exceptions to this arrangement may be allowed with mutual consent.

**12. Streams of Rail Traffic between India and Nepal**

12.1 Rail traffic between India and Nepal includes the following:

- (a) Transit traffic originating at countries other than India and passing through Calcutta/Haldia port in India and destined to Birgunj;
- (b) Transit traffic originating at Birgunj and destined to countries other than India passing through the route connecting Calcutta/Haldia and Raxaul;
- (c) Bilateral traffic originating at stations on Indian Railways and destined to Birgunj;
- (d) Bilateral traffic originating at Birgunj and destined to stations on Indian Railways.

12.2 \*\*\*Rail traffic between the two countries will comprise container traffic moving in flats/BOX wagons, break bulk cargo in covered wagons and Liquid/Oils in tank wagons. The bilateral rail traffic for break-bulk cargo will, however, also be allowed on flat wagons, during day time only. Alcoholic Liquor/Beverages (including beer) and other concentrates, Perfumes, Cosmetics, Cigarettes, Tobaccos, and such other items as may be notified by Government of India, in consultation with Government of Nepal, shall not be loaded on flat wagons.

12.3 Initially, only transit traffic (12.1 (a) and 12.1 (b)) will be moved on Raxaul-Birgunj section. Bilateral traffic (as described in 12.1 (c) and 12.1 (d)) will be moved on Raxaul-Birgunj section by mutual consent at a date mutually agreed to in the first review meeting to be held within six months after actual commencement of train operation on this section.

**13. Movement of Dangerous and Offensive Articles**

13.1 Carriage of dangerous and offensive goods including arms, ammunitions and explosives by Indian Railways on Indian Territory will be regulated by the extant provisions of the Red Tariff issued by MOR, the Railways Act, 1989 and Rules specified in the Goods Tariff of Indian Railways and other instructions issued from time to time.

13.2 The packing and transit conditions for movement of dangerous goods over Indian Territory will be as laid down in the Red Tariff subject to any amendments made from time to time.

13.3 Indian Railways will accept only goods permitted under the provisions of the Treaty of Transit between Government of India and His Majesty's Government of Nepal for carriage.

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\*\*\* Amended on 17 December 2008 through Letter of Exchange.

**14. Running of Trains**

- 14.1 Indian Railways locomotives using wagons owned by Indian Railways or Container Corporation of India will run all trains between India and Nepal.
- 14.2 Indian Railways will provide train crews and Guards for all trains running between Calcutta/Haldia Ports and Birgunj via Raxaul.
- 14.3 Administration of the concerned Zonal Railway in India will issue Train Working Instructions for operation of rail services between Raxaul and Birgunj. Such Train Working Instructions will form an annexure of the Station Working Rules of Raxaul station.
- 14.4 The agency designated for this purpose by MOICS will formulate Train Working Instructions consistent with corresponding Instructions applicable at Raxaul.
- 14.5 The agency designated for this purpose by MOICS will deploy only such personnel for activities relating to reception and dispatch of trains who hold a mutually acceptable Competency Certificate for undertaking the jobs assigned to them.

**15. Shunting Activities**

- 15.1 Train locomotives of Indian Railways will perform all shunting for placement of wagons and flats for unloading and loading and for formation of trains at Birgunj in Nepal.
- 15.2 Drivers and Assistant Drivers of Indian Railways will operate the locomotives owned by Indian Railways for yard shunting at Birgunj in Nepal.
- 15.3 Activities relating to coupling and uncoupling of wagons, connecting of hose pipes, releasing of trains and other yard operations connected with placement and removal of wagons and formation of trains at Birgunj in Nepal will be handled by staff deployed by TMC for this purpose.
- 15.4 TMC will ensure that marshalling integrity of rakes is maintained while dispatching outward trains.
- 15.5 The agency designated for this purpose by the MOICS will deploy only such personnel for activities relating to yard shunting operation, who hold a mutually acceptable Competency Certificate for undertaking the jobs assigned to them.

**16. Joint Commercial Wagon Examination at Raxaul**

- 16.1 Representatives of the respective agencies designated for this purpose by MOR, will jointly examine each incoming and outgoing train at Raxaul and record details of each wagon and the condition of locks and seals on them as also the condition of One Time Lock of containers. Custody of the train will change from India to Nepal and vice versa after this examination.

**17. Safety and Security of Trains and Personnel**

- 17.1 MOICS will make arrangements for safety and security of Indian Railways locomotives, rolling stock and personnel while they are in the Nepalese territory.
- 17.2 MOICS will make necessary arrangements and provide adequate security for escorting all trains between the international border with India and Birgunj to

prevent pilferage and theft of goods and any other damage to consignments in transit while they are in Nepalese territory.

**18. Supply of Wagons, Loading Restrictions and Movement Rationalizations**

- 18.1 Indian Railways will provide requisite wagons for moving traffic under the Preferential Traffic Schedule issued by the MOR, The Railways Act, and operating restrictions issued from time to time unless agreed otherwise by mutual consent.
- 18.2 Operating restrictions and regulations notified by Zonal Railways and in force on Indian Railways will also apply to loading to and from Birgunj terminal in Nepal.

**19. Customs Examination \*\*\***

- 19.1 Procedures for customs examination and clearance of containerized/break-bulk transit cargo loaded in covered wagons to and from Nepal shall be in accordance with the provisions laid down in Annexure-A and B of this Agreement.
- 19.2 Procedures for customs examination and clearance of bilateral traffic from Birgunj to Stations on Indian Railways, and vice-versa, shall be in accordance with the provisions laid down in Annexure -D and E of this Agreement.

**20. Transport Document for Carriage of Goods by Rail**

- 20.1 Railway Receipt or its equivalent document issued by the representatives of the agency designated for this purpose by MOR will be the Transport Document for carriage of goods by rail.
- 20.2 Railway Receipt or its equivalent document will be issued for carriage of goods from Calcutta/Haldia to Birgunj and for carriage of goods from Birgunj to Calcutta/Haldia.
- 20.3 For transport of bilateral traffic, representatives of the agency designated for this purpose by MOR or its designated agency will issue the Railway Receipt for transportation from the originating station in India to Birgunj and from Birgunj to the destination station in India.

**21. Charging of Freight**

- 21.1 Respective agencies designated for this purpose by MOR and MOICS will quote rates of freight for carriage of goods for the distances traversed in their respective countries from/up to the international border.
- 21.2 Either Government or its designated agency may make a change in the freight rates as well as in the conditions of carriage of goods by giving a notice to the other Government or its designated agency of its intention to do so. Such changes shall come into force two weeks after the issue of such a notice unless an alternative date is mutually agreed upon.
- 21.3 Charging of freight for traffic across Raxaul-Birgunj will be as under:

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\*\*\* Amended on 17 December 2008 through Letter of Exchange.

- (b) For traffic originating at Calcutta/Haldia Ports, freight from the point of origin to the international border between India and Nepal will be prepaid at Calcutta.
  - (c) For traffic originating at Birgunj in Nepal, designated agency of Indian Railways will arrange to collect freight charges and issue the transport document at Birgunj. The charges will be collected in Indian currency by way of a bank draft payable at a designated bank at Raxaul.
- 21.4 There will be no adjustment of freight between India and Nepal. Respective agencies designated for this purpose by Ministry of Railways, Government of India and Ministry of Industry, Commerce and Supplies, His Majesty's Government of Nepal will be responsible for collection of freight and any other charges for movement of traffic over their respective territories.

## **22. Detention Charges**

- 22.1 The agency designated for this purpose by MOICS will pay Detention/Locomotive Hire charges in respect of locomotives of Indian Railways to the agency designated for this purpose by MOR for the duration of time spent at ICD Birgunj after the lapse of the notified free time at scales of charge notified by MOR from time to time.
- 22.2 The agency designated for this purpose by MOICS will also pay Detention/Wagon Hire Charges in respect of wagons/flats of Indian Railways and Container Corporation of India to the agency designated for this purpose by MOR for the duration of time spent at ICD Birgunj after the lapse of the notified free time at scales of charge notified by MOR from time to time.
- 22.3 If Birgunj in Nepal is unable to accept a train offered to it by the Indian Railways, such trains will be stabled at Raxaul Station on Indian Railways. The agency designated for this purpose by MOICS will pay detention charges for such trains for the duration of time for which such trains are detained for acceptance by the terminal in Birgunj at scales of charge notified by MOR from time to time.

## **23. Liability**

- 23.1 Liability of MOR will be in accordance with the provisions of Railways Act, 1989 and the Rules for Claims attached as Annexure C of this Agreement.
- 23.2 Liability of MOICS, His Majesty's Government of Nepal will include obligations in respect of Articles 17 and 25 of this Agreement. MOICS will make all possible efforts to ensure that the concerned agencies pay all dues to Government of India in respect of Articles 9 and 22 of this Agreement.

## **24. Maintenance of Interchange Records**

- 24.1 Indian Railways staff at the Interchange Station and representatives of His Majesty's Government of Nepal will jointly prepare the following daily returns.
- 24.1.1 Interchange Return including the following details in respect of each train Interchanged between India and Nepal
  - ◆ Owning Zonal Railway and number of each locomotive
  - ◆ Owning Zonal Railway and individual number and type of each wagon

- ◆ Owning Agency and number for each container
  - ◆ Time of Interchange
  - ◆ Loaded/Empty status of each wagon and container
  - ◆ Commodity loaded in each wagon
- 24.1.2 Wagon Interchange Summary including information about total number of wagons Interchanged in 4 wheeler terms and their break up in loaded and empties.
- 24.1.3 Container Interchange Summary including information about total number of containers interchanged and their break up in loaded and empties.
- 24.2 These returns will be prepared in five copies. One copy each will be sent to MOR and MOICS or their designated agencies.
- 24.3 MOR or its designated agency will send a monthly summary to MOICS or its designated agency showing the total number of wagons interchanged between India and Nepal. MOICS or its designated agency will send a similar statement to MOR.
- 24.4 There will be tri-monthly meeting of the representatives of the agency designated by MOR and the agency nominated by MOICS to reconcile the interchange records, to work out the Detention Charges, and raise bills for detention and other charges on both sides.
- 25. Accidents and Restoration**
- 25.1 MOR will provide all assistance for restoration of traffic in cases of train accidents in the Nepalese territory by deploying its own staff and break down trains whenever required.
- 25.2 MOR will make available all material and equipment as may be required for restoration of through communication after such an accident.
- 25.3 Agency designated by MOICS, His Majesty's Government of Nepal will bear the cost of restoration of accidents in Nepalese Territory, including costs of deploying Accident Relief Trains etc. and materials/equipment used for restoration of through communication, staff costs and any other costs, whenever incurred, by MOR for such restoration. However, this would be subject to adjustment, if required, after completion of the enquiry and assessment of compensation as laid down under Articles 26.5 and 26.6.
- 26. Accident Enquiries**
- 26.1 Any incident taking place in the course of train working, which causes or had the potential to cause damage or loss to railways' rolling stock, locomotives, permanent way, personnel or cargo or which causes disruption of rail movement or which created an unsafe condition for train movement will be treated as an accident.
- 26.2 A Joint Enquiry will be held by an Accident Enquiry Committee to establish the cause of each accident in the Nepalese Territory.
- 26.3 Accident Enquiry Committee for holding Joint Enquiries will include one representative each of MOR and MOICS. If considered necessary, the Committee may co-opt not more than two additional technical members each from MOR and MOICS.

- 26.4 Representative of MOR and representative of MOICS will alternately be the Coordinator of the Accident Enquiry Committee.
  - 26.5 Accident Enquiry Committee will also assess the costs of restoration and damage due to each accident.
  - 26.6 Accident Enquiry Committee will decide the compensation in respect of the cost of damage payable by MOR and MOICS respectively taking into account the findings of the Accident Enquiry Committee.
- 27. Insurance Cover/Bank Guarantee**
- 27.1 To cover the claims arising out of Articles 9 and 22 of this agreement, the agency designated by MOICS shall arrange to provide an insurance cover issued by an Insurance company mutually acceptable and/or a bank guarantee in favour of MOR or its designated agency to the satisfaction of Indian Railways. The amount of the insurance cover/bank guarantee shall be sufficient to cover the cost of operations for three months or as mutually agreed.
- 28. Competency Certificates**
- 28.1 Staff deployed for the purpose of train working, activities related to yard shunting and track maintenance at Birgunj shall have a "Competency Certificate" acceptable to Indian Railways for ensuring safe operation of trains.
- 29. Arrangements at Birgunj Terminal in Nepal for Indian Railways Personnel**
- 29.1 Terminal Management Company at Birgunj will arrange to provide adequate facilities including Running Rooms, Rest Rooms (as provided at crew changing stations on Indian Railways) and other requisite facilities for drivers, assistant drivers, guards and other supervisory staff of MOR at the ICD.
  - 29.2 Terminal Management Company at Birgunj will provide similar facilities for other Indian Railways' personnel visiting ICD in connection with repairs of wagons, restoration of accidents etc.
- 30. Movement of Indian Railways' Personnel to Nepal**
- 30.1 Indian Railways shall be allowed to bring in personnel considered necessary for the smooth and efficient operation of the train services. Such personnel will carry valid identity cards/authorization letters issued by appropriate agency of Indian Railways.
- 31. Review and Modification**
- 31.1 Technical and operational aspects including the import/export procedures may be reviewed and modified by mutual agreement in Co-ordination Meetings between representatives of two Governments, to be held at least once every six months. Agreements reached in these meetings will be set out as "Record of Discussions on Technical and Operational Matters between Government of India and His Majesty's Government of Nepal" which will form an integral part of this Agreement.
- 32. Legitimate Interests**
- 32.1 Each Contracting Party shall have the right to take all necessary measures in accordance with its laws and regulations to ensure that such freedom, accorded by it on its territory, does not in any way infringe its legitimate interests of any kind.

- 32.2 Nothing in this Agreement shall prevent either Contracting Party from taking any measure, which may be necessary for the protection of its essential security interests.
- 32.3 Nothing in this Agreement shall prevent either Contracting Party from taking any measures, which may be necessary in pursuance of general international convention, whether already in existence or concluded hereafter, to which it is a party, relating to transit, export or import of particular kinds of articles such as narcotics and psychotropic substances or in pursuance or general conventions intended to prevent infringement of industrial, literary or artistic property relating to false marks, false indications of origin or methods of unfair competition.
- 33. Settlement of Disputes**
- 33.1 Any difference or dispute, if any, arising out of this Agreement shall be resolved through consultations and negotiations between the two Governments.
- 33.2 In the absence of any settlement through negotiations as per Article 33.1 both Governments may decide to refer the dispute, upon a mutual agreement, to arbitration.
- 33.3 The Arbitral Tribunal shall have three members comprising one nominee each of the MOR and MOICS and the third member shall be appointed upon mutual acceptance of both the Governments.
- 33.4 The applicable law for arbitration shall be Indian law, if the cause of action arises in the Indian Territory and it shall be the Nepalese law if it arises in Nepalese Territory.
- 33.5 The Arbitral Tribunal shall determine its own procedures.
- 33.6 The time limit for referring a dispute to arbitration shall be 12 months from the date on which the cause of action arose.

Done at Kathmandu this Twenty First day of May Two Thousand Four signed in two originals in Nepalese, Hindi, and English languages. In case of divergence of interpretation, the English text shall prevail.

| <b>On behalf of His Majesty's Government of Nepal</b>                                   | <b>On behalf of the Government of India</b>   |
|---|---|
| <b>Dinesh C. Pyakural<br/>Secretary<br/>Ministry of Industry, Commerce and Supplies</b> | <b>L.R. Thapar<br/>Additional Member<br/>(Traffic)<br/>Railway Board of Government of India</b> |

**PROCEDURE FOR CUSTOMS EXAMINATION AND CLEARANCE OF  
CONTAINERIZED TRANSIT CARGO / BREAK-BULK TRANSIT  
CARGO LOADED IN COVERED WAGONS.**

**IMPORT PROCEDURE**

When goods are imported from third countries by Nepal in transit through India, the following procedure shall be observed: -

1. (a) Transit of Nepalese imports, shall be allowed against import licences issued by Government of Nepal wherever such licences are issued, and Letters of Credit opened through a commercial bank in Nepal.  
(b) In case of Nepalese imports for which there is no requirement of import licence or Letter of Credit, the Nepalese Consul General, Deputy Consul General or Consul at Calcutta shall furnish the following certificate on the Import containerized Cargo Declaration, hereinafter referred to as "ICCD".

"I have verified that the goods specified in this Declaration and of the quantity and value specified herein have been permitted to be imported by Government of Nepal without the requirement of import licence or letter of credit".

**Signature and Seal**

**NOTE:** Government of Nepal shall arrange to supply through the Indian Embassy at Kathmandu or directly to the Commissioner of Customs, Calcutta, the specimen signature or signatures of official or officials who are authorised to sign import licences issued by Government of Nepal. It shall also arrange to have a copy each of the import licences, wherever such licences are issued by it for such goods, sent directly to the Commissioner of Customs, Calcutta.

2. At the Indian port of entry (hereinafter called the Customs House), the importer or his agent (hereinafter referred to as the importer) shall present an ICCD containing the following particulars:
  - (a) Name of the ship, Rotation number and Line number,
  - (b) Name and address of the importer,
  - (c) Number, description, marks and serial numbers of the packages,
  - (d) Country of consignment and country of origin, if different,
  - (e) Description of goods,
  - (f) Quantity of goods,
  - (g) Value of goods,
  - (h) Import license number and date,

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<sup>\*\*\*</sup> Amended on 17 December 2008 through Letter of Exchange.

- (i) Letter of credit number, date and name and address of issuing bank.
- (j) A declaration at the end in the following words: -  
 "I/We declare that the goods entered herein are for Nepal, in transit through India and shall not be diverted en-route to India, or retained in India.  
 I/We declare that all the entries made herein above are true and correct to the best of my/our knowledge and belief."

**Signature**

3. The ICCD shall be made in quadruplicate. All copies of ICCD along with the copy of bill of lading (non-negotiable copy), copy of invoice, copy of packing list and copy of the import licence issued by Government of Nepal, wherever issued, and a copy of the letter of credit, authenticated by a designated authority of Government of Nepal or the issuing bank, shall be presented to the Customs House. The copy of the import licence and the letter of credit so presented shall be examined by the Customs House against the copy of the import licence and/or the statement of particulars of the letter of credit received directly from Government of Nepal. No other additional document may be asked for, except where considered necessary for clearance of specific goods.
4. The shipping agents shall submit an application for issue of a Transshipment Permit, hereinafter referred to as "TP" in prescribed forms (5 copies) along with copies of relevant parts of Import General Manifests (IGMs) to the Appraiser/Superintendent, as is being done under the existing procedure for transshipment of imports for goods destined to ICDs in India. As regards details of cargo in the application of transshipment, reference of relevant IGM may be made in the transshipment application by mentioning "details as part/page.....of IGM No.....as enclosed."
5. Nepalese import goods in transit shall be covered by a bond and/or a bank guarantee, as may be acceptable to Indian Customs, to be furnished by the carrier to the satisfaction of the Commissioner of Customs, Calcutta for an amount equal to the Indian customs duties on such goods. In the event of the goods not reaching Nepal, irrespective of any other action contemplated in such case under the existing laws, the carrier shall pay to the Commissioner of Customs, Calcutta, the amount of duty secured by means of bank guarantee/cash security on such goods. The said amount shall become payable forthwith on the receipt of a notice to the carrier issued by the Commissioner of Customs, Calcutta, after satisfying himself that the goods have not entered Nepal.
6. The shipping agents shall file another bond with the Indian Customs House at the port of entry, binding themselves to re-export containers within six months of their import into India. The period of six months may be extended by the Deputy/Assistant Commissioner of Customs. The shipping agents shall also submit an authorization from the carriers appointed for transportation of goods from port of entry to ICD Birgunj through Land Customs Station (LCS) Raxaul, so that issuance of transshipment permit and debiting of carrier's bond can be done simultaneously.
7. On receipt of the application from the shipping agent, the Appraiser/Superintendent shall check whether the name of carrier/shipping agent appears in the negative list. Transshipment permit may be denied in case the name of shipping agent figures in the negative list.

8. In case the name of shipping agent does not figure in the negative list, the details furnished by the shipping agent in the transshipment form shall be scrutinized by the officer and matched with the declaration on the ICCD, and if these are found to be in order, the officer shall debit the bond of the carrier on the basis of value of the goods indicated in the ICCD. The number and date of the ICCD shall be recorded on the TP. After scrutiny of the transshipment form and debiting of bond, the officer shall sign all the copies of TP and put a seal.
9. On arrival of the Nepalese containerized cargo, the Indian customs officer posted at sea port, shall merely check the ‘one-time-lock’ of the container put on by the shipping agent or the carrier authorised by the shipping company. If found intact, the customs officer shall allow transportation of the containerized cargo, without examination, unless there are valid reasons to do otherwise.
- 9A. On arrival of the Nepalese break-bulk cargo, the Indian Customs Officer posted at the seaport, shall make a selective percentage examination of goods to check whether the goods are in accordance with the declaration on the ICCD and conform to the Import license and/or the Letter of Credit wherever issued. If these are found to be in order, the Indian Customs Officer shall make arrangement for covering the wagon containing such goods, put a ‘one-time-lock’ or ‘seal’ to the subject wagon in the presence of the respective representatives of the concerned Carrier, Shipping Agents and Importer. The serial number of ‘one-time-lock’ or ‘seal’ of the subject wagon shall be recorded on the ICCD. The number along with date of the ICCD and the serial number of the ‘one-time-lock’ or ‘seal’ shall be recorded on the TP. After scrutiny of the transshipment form, the officer shall sign all the copies of TP and put a seal. However, in making such examination, avoidable delays shall be curtailed to the utmost in order to expedite the traffic -in-transit.

**NOTE:** The selective percentage examination referred to in para 9A shall mean that a percentage of the total break-bulk cargos in a consignment will be selected for examination and not that a percentage of the contents of each of break-bulk cargos comprised in the consignment will be examined.

10. In case where the ‘one-time-lock’ on the container arriving at the seaport in India is found broken or defective, the Indian customs authorities shall make due verification of the goods to check whether the same are in accordance with the ICCD, put fresh ‘one-time-lock’ and allow the container to move to the destination. The serial number of the new ‘one-time-lock’ shall be endorsed in the ICCD and the TP.
11. After the Customs House is satisfied as regards the checks contemplated in the preceding paragraphs, it shall endorse loading/dispatch particulars of the goods on all copies of TPs.
12. In case of any suspicion of pilferages, traffic -in-transit shall be subject to checks by the Indian Customs during the period that they are in transit, as may be necessary.
13. On arrival of the cargo by rail at Raxaul Land Customs Station, the following examination procedure will be followed:
  - (a) On arrival of the cargo, the Indian Customs authorities shall merely check the ‘one-time-lock’ of the container put on by the shipping agent or the carrier authorised by the shipping company or the customs authorities at the sea port or during the transit and so endorsed on the TP and, if found intact, shall approve for

- onward transmission of the containerized cargo, without examination of the cargo unless there are valid reasons to do otherwise.
- (aa) On arrival of the break-bulk cargo, the Indian Customs authorities shall merely check the ‘one-time-lock’ or ‘seal’ of the wagon put on by the Customs authorities at the seaport or during the transit and so endorsed on the TP and, if found intact, shall approve for onward transmission of the break-bulk cargo, without examination of the wagon unless there are valid reasons to do otherwise.
  - (b) In case where the ‘one-time-lock’ of the container is found broken or defective, the Indian customs authorities at the railway station shall get the container grounded for making due verifications of the goods to check whether the goods are in accordance with the ICCD and conform to the import license and/or the letter of credit wherever issued. Respective representatives of the concerned Carrier, Shipping Agents and importer shall be involved in the process of verifications.
  - (bb) In case where the ‘one-time-lock’ or ‘seal’ of the wagon containing break-bulk cargos is found broken or defective, the Indian customs authorities at the railway station shall make due verification of the break-bulk cargos in the subject wagon and to check whether the break-bulk cargo is in accordance with the ICCD and conform to the import license and/or the letter of credit wherever issued. Respective representative of the concerned Carrier, Shipping Agents and Importer shall be involved in the process of verification.
  - (c) If, on verification in presence of agencies listed in (b) above, the goods are found in accordance with the ICCD and conform to the import license and/or the letter of credit wherever issued, the Indian customs authorities at the Raxaul LCS shall put fresh ‘one-time-lock’ and approve for onward transmission of the container. The serial number of the new ‘one-time-lock’ shall be endorsed by the Indian customs authorities at the border railway station on the TP.
14. On arrival of traffic-in-transit at Raxaul LCS, the carrier shall present the original copy of the TP duly endorsed by the Indian Customs House of entry to the Indian customs officer at the Raxaul LCS, who shall compare the original copy with the duplicate received by him in a sealed cover and will, after satisfying himself as regards the checks contemplated at sub-paragraphs (a), (aa), (b), (bb), (c) and (cc) above, endorse all the copies of the TPs. The goods in transit shall be allowed onward movement by rail only after clearance as above by the Indian customs officer at the Raxaul LCS. The carrier shall, thereafter, through such measures as may be necessary, ensure that the goods cross the border and reach Nepal.
15. Indian customs officer at the Raxaul LCS will certify on the copies of the TP that goods have been allowed transit into Nepal. The Indian customs officer shall then hand over

the original copy of the TPs to the carrier and send the duplicate to the Indian Customs House at the port of entry. After the original TP is received back duly endorsed by the Nepalese customs officer, Raxaul LCS will forward the same to the customs authority at the port of entry (Customs House, Calcutta).

16. The copy of TP endorsed by the Nepalese Customs shall then be sent to Calcutta Customs for closure of manifest in respect of containers/wagons transported to ICD Birgunj. In case the carrier is not able to produce evidence of the export of goods to Nepal (to the satisfaction of Dy./Assistant Commissioner of Indian Customs at Raxaul Railway LCS) and/or endorsed TPs are not produced within the stipulated time, the carrier's and the shipping agent's bonds may be enforced.

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**PROCEDURE FOR CUSTOMS EXAMINATION AND CLEARANCE OF  
CONTAINERIZED TRANSIT CARGO / BREAK-BULK TRANSIT  
CARGO LOADED IN COVERED WAGONS.**

**EXPORT PROCEDURE**

When goods from Nepal are cleared for export to third countries, in transit through India, the following procedure shall be observed: -

1. The designated officer in-charge of the Nepalese customs office in ICD Birgunj shall furnish the following certificate on the "Export Containerized Cargo Declaration", hereinafter referred to as ECCD:

"I have verified that the goods specified in this Declaration and of the quantity and value specified herein have been permitted to be exported under Licence Number.....dated.....(wherever issued) and under Letter of Credit Number.....dated.....issued by.....(name & address of the issuing bank)".

Signature & Seal

**Note:** The requirement of giving particulars of Letter of Credit in the above certificate will not apply in the case of goods for the exports of which from Nepal, no Letter of Credit is required under the laws of Government of Nepal.

2. The exporter or his agent (hereinafter referred to as the exporter) shall present to the Indian customs officer at the Raxaul LCS, an ECCD containing the following particulars:
  - (a) Name & address of the exporter,
  - (b) Number, description, marks and serial numbers of the packages,
  - (c) Country to which consigned,
  - (d) Description of goods,
  - (e) Quantity of goods,
  - (f) Value of goods,
  - (g) Export License Number and date, if required,
  - (h) Country of origin of goods,
  - (i) Letter of Credit number, date and name & address of issuing bank,
  - (j) A declaration at the end in the following words: -

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\*\*\* Amended on 17 December 2008 through Letter of Exchange.

“I/We declare that the goods entered herein are of Nepalese origin, are for export from Nepal to countries other than India and shall not be diverted en-route to India or retained in India.

I/We declare that all the entries made therein above are true and correct to the best of my/our knowledge and belief.”

Signature

3. The ECCD shall be made in quadruplicate. All copies of ECCD, along with copy of bill of lading, copy of invoice, copy of packing list and copy of the Letter of Credit, authenticated by the concerned Nepalese bank, shall be presented to the Indian Customs officer at LCS Raxaul. No additional documents will be asked for by the Indian Customs, except when considered necessary for the clearance of any specific goods.
4. The Shipping agents shall submit an application for issue of a Transshipment Permit, hereinafter referred to as “TP” in prescribed forms (5 copies) along with a copy of ECCD to the Appraiser/Superintendent for transshipment of exports for goods to be transited to go via the gateway port of Calcutta.
5. Nepalese export goods in transit shall be covered by a bond and/or a bank guarantee, as may be acceptable to Indian Customs, to be furnished by the Carrier to the satisfaction of Indian Customs, for an amount equal to the Indian customs duties on such goods. In the event of goods not reaching the gateway port, irrespective of any other action contemplated in such case under the existing laws, the Carrier shall pay to the Commissioner of Customs, Patna, the amount of duty secured by means of bank guarantee/cash security on such goods. The said amount shall become payable forthwith on the receipt of a notice to the Carrier issued by the Commissioner of Customs, Patna, after satisfying himself that the goods have not reached the destined gateway port.
6. The shipping agents shall file another bond with the Indian Customs at LCS Raxaul, binding themselves to re-export containers within six months of their import into India. The period of six months may be extended by the Deputy/Assistant Commissioner of Customs. The shipping agents shall also submit an authorization from the Carriers appointed for transportation of goods from ICD Birgunj through LCS Raxaul to the gateway port, so that issuance of transshipment permit and debiting of Carrier's bond can be done simultaneously.
7. On receipt of the application from the shipping agent, the Appraiser/ Superintendent at LCS Raxaul shall check whether the name of Carrier/Shipping agent/Importer appears in the negative list. Transshipment permit may be denied in case the name of shipping agent figures in the negative list.
8. In case the name of shipping agent does not figure in the negative list, the details furnished by the shipping agent in the transshipment form shall be scrutinized by the officer and matched with the declaration on the ECCD, and if these are found to be in order, the officer shall debit the bond of the carrier on the basis of value of the goods indicated in the ECCD. The number and date of the ECCD shall be recorded on the TP. After scrutiny of the transshipment form and debiting of bond, the officer shall sign all the copies of TP and put a seal.

9. On arrival of sealed export container at Raxaul, the Indian Customs officer posted at Raxaul LCS, shall merely check the ‘one-time-lock’ of the container put on by the shipping agent or the carrier authorised by the shipping company. If found intact, the customs officer shall allow transportation of the container, without examination, unless there are valid reasons to do otherwise.
- 9A. On arrival of sealed export break-bulk cargos at Raxaul, the Indian customs officer posted at LCS Raxaul, shall merely check the ‘one-time-lock’ or ‘seal’ of the wagon put on by the shipping agent or the Carrier authorized by the shipping company. If found intact, the Customs officer shall allow transportation of the wagon, without examination, unless there are valid reasons to do otherwise.
10. In case where the ‘one-time-lock’ on the container arriving at LCS Raxaul is found broken or defective, the Indian Customs authorities shall make due verification of the goods to check whether the goods are in accordance with ECCD and shall put fresh ‘one-time-lock’ and allow the containers to be transported. The serial number of the new ‘one-time-lock’ shall be endorsed in the ECCD.
- 10A. In case where the ‘one-time-lock’ or ‘seal’ on the wagon containing break-bulk cargos arriving at LCS Raxaul is found broken or defective, the Indian Customs authorities shall make due verification of the goods to check whether the goods are in accordance with ECCD and shall put fresh ‘one-time-lock’ or ‘seal’ and allow such wagon to be transported. The serial number of the new ‘one-time-lock’ or ‘seal’ shall be endorsed in the ECCD.
11. After the Indian Customs at LCS Raxaul are satisfied as regards the checks contemplated in the preceding paragraphs, it shall endorse loading/dispatch particulars of goods on all the copies of TPs.
12. In case of any suspicion of pilferage, the goods in transit shall be subject to such checks by the Indian Customs, as may be necessary.
13. On arrival of the cargo by rail at the gateway Port in Calcutta, the following examination procedure shall be followed: -
  - (a) On arrival of the cargo, the Indian Customs authorities shall check the ‘one-time-lock’ of the container put on by the shipping agent in ICD Birgunj or by the carrier authorised by the shipping company or during the transit and so endorsed on the TP and, if found intact, shall approve for onward shipment of sealed export container, without examination of the cargo unless there are valid reasons to do otherwise.
  - (aa) On arrival of the break-bulk cargo, the Indian Customs authorities shall check the ‘one-time-lock’ or ‘seal’ of the wagon put on by the shipping agent in ICD Birgunj or by the Carrier authorized by the shipping company or during the transit and so endorsed on the TP and, if found intact, shall approve for onward shipment of sealed export wagon, without examination of the wagon, unless there are valid reasons to do otherwise.
  - (b) In case where the ‘one-time-lock’ of the container is found broken or defective, the Indian Customs authorities at the port shall make due verifications of goods to check whether the goods are in accordance with the ECCD and conform to the export license and/or the letter of credit wherever issued. Respective representatives

of the concerned Carrier, Shipping Agent/Importer and Exporter shall be involved in the process of verification.

- (bb) In case where the ‘one-time-lock’ or ‘seal’ of the wagon containing break-bulk cargo is found broken or defective, the Indian customs authorities at the port shall make due verification of the goods to check whether the goods are in accordance with the ECCD and conform to the export license and/or the letter of credit wherever issued. Respective representatives of the concerned Carrier, Shipping Agents and Exporter shall be involved in the process of verifications.
  - (c) If, on verification, done in presence of agencies listed in (b) above, the goods are found in accordance with the ECCD and conform to the export license and/or the letter of credit wherever issued, the Indian Customs authorities at the gateway port of Calcutta shall put fresh ‘one-time-lock’ and approve for onward movement of the container. The serial number of the new ‘one-time-lock’ shall be endorsed by the Indian Customs authorities on TP.
  - (cc) If, on verification, done in presence of agencies listed in (bb) above, the goods are found in accordance with the ECCD and conform to the export license and/or the letter of credit wherever issued, the Indian Customs authorities at the gateway port of Calcutta shall put fresh ‘one-time-lock’ or ‘seal’ and approve for onward shipment of break-bulk cargos. The serial number of the new ‘one-time-lock’ or ‘seal’ shall be endorsed by the Indian Customs authorities at the gateway port of Calcutta on TP.
14. On arrival of traffic -in-transit at the gateway port, the Carrier shall present the original copy of the TP duly endorsed by the Raxaul LCS Customs, to the gateway port, Customs officer Calcutta, who shall compare the original copy with the duplicate copy received by him/her in a sealed cover and will, after satisfying himself/herself as regards the checks contemplated at sub-paragraphs (a), (aa), (b), (bb), (c) and (cc) above, endorse all the copies of the TPs. The goods in transit shall be allowed onward shipment by vessel only after clearance as above by the Indian Customs officer at the gateway port. The Customs Officer will certify on the copies of the TP that goods have been handed over to the concerned Importer/Shipping Agents, and then hand over the original copy of the TPs to the Carrier and send the duplicate copy to Raxaul LCS customs for reconciliation of bonds.
15. A copy of the TPs endorsed by Calcutta Customs at the gateway port shall be sent to LCS in Raxaul for closure of bonds in respect of containers/wagons transshipped from ICD Birgunj. In case the endorsed TPs are not produced within the stipulated time, the Carrier and Shipping Agent’s bonds may be enforced.

## Annexure C

### Rules for Claims

A rail terminal together with rail tracks, bridges, associated structures and linkage with the rail network of Indian Railways is operational at Birgunj in Nepal. The references to the railway administration in Nepal in this document will be deemed to refer to MOICS, HMGN or an agency specifically designated for this purpose by HMGN.

#### **1 Notices for Claim**

- 1.1 Any intimation of loss, damage etc., detected on opening a sealed wagon or container taken over at a point of Interchange as also any report of non-receipt shall constitute a valid claim between MOR and MOICS, provided it is preferred within the time limit set out in these rules.
- 1.2 A certificate by a Gazetted Officer/ concerned Station Master/Station in-charge that the claim has been posted within the time limit shall be accepted.
- 1.3 Such intimation shall be sent by registered post with acknowledgement/by hand/by fax and in the case of loss, damage etc. from a sealed wagon/container, shall be accompanied by a timed copy of the telegram or fax or letter issued by the unloading station in which the loss, deficiency, etc. is reported, and a certificate that the seals have been certified as intact by the officer as referred to in 1.2 above.
- 1.4 On receipt of an intimation of a claim in respect of a consignment booked to the railway in the other country, the railway will send by registered post an acknowledgement notice in the approved Form to the railway in the other country.

#### **2 Time Limits**

- 2.1 Time Limits for proving delivery in good condition or furnishing instructions shall be as under:

|   |  |
|---|--|
| (a) Intimation of loss, damage etc.   | Within 12 months of the date of booking of the consignment.  |
| (b) For non-receipt of a consignment or package.  | Booking railway one and a half month and each intermediate railway one and half months calculated from the date of receipt of notice in the approved form. |
| (c) For damage, deficiency in weight or pilferage recorded at the point of interchange or reported from a "seals intact" wagon. | Three months from the date of receipt of the report of damage etc.   |

- 2.2 The concerned railway station shall on its own initiative either repudiate or settle the claim on best terms obtainable, if definite instructions are not received within the time limit prescribed by (b) or (c) above.
- 2.3 After a claim has been settled in terms of this clause, the paying railway shall so advise the other railway concerned within one month of the date of payment.
- 2.4 In respect of claims in the categories referred to in clause (b) above, debit for the amount paid shall be raised within three months, but not more than six months, after the notice of payment, unless in the meantime, the railway given

- notice is able to establish its non-liability or intimates its desire that the case should be referred to arbitration.
- 2.5 In respect of claims in the categories referred to in clause (c) above, debit for the amount paid shall be raised within three months, but not more than six months, after the notice of payment. Debits raised in terms this clause shall neither rejected nor disputed.
- 3 Procedure for reporting loss, damage, etc. detected in wagons with "Seals Intact"**
- 3.1 The loss of a package or consignment shall be notified to the station which last sealed the wagon/container, by telegram/fax specifying the condition of the seals at the time of unloading and be tendered for dispatch on the day the wagon is opened.
- 3.2 Any damage or deficiency other than the loss of a package or consignment shall be notified to the station, which last sealed the wagon/container, by a letter to be dispatched within 24 hours of the unloading of the wagon. The condition of the seals at the time the wagon was opened shall be mentioned in the letter. The station copies of telegrams and registers of letter issued, shall be maintained and retained for at least one year.
- 3.2.1 When shackles with lead rivets are used, if the shackle is received without card attachment, the seal shall not be considered as intact although the impression on the lead is intact.
- 4 Extent of Indian Railways' Monetary Liability**
- 4.1 Indian Railways' Monetary Liability will depend on whether the value of the consignment has been declared and percentage charge on the excess value has been paid or not.
- 4.2 Unless the percentage charge has been paid, the liability of the Indian Railways will not exceed the amount calculated at the rate of Rs. 50/- per Kg.
- 4.3 For consignments booked on payment of percentage charge, Indian Railways' liability will not exceed the declared value. The amount verified as the actual loss will be paid as compensation subject to a maximum of the declared value.
- 4.4 Certain items specified in Railways (Extent of Monetary Liability and Prescription of Percentage Charge) Rules, 1990, Railways (Extent of Monetary Liability and Prescription of Percentage Charge) Amendment Rules, 1998 and Part I, Schedule II of Rule 901(5) of IRCA Coaching Tariff No. 25, Part I, Volume III will be booked only on payment of percentage charge as applicable.
- 5 Determination of Liability**
- 5.1 Incidence of claims for loss, damage, etc. to consignment, including loss, damage, etc. resulting from mis-dispatch or delay by one country with another shall be determined as under:
- (ii) In all case where the damage or deficiency can be localized, the responsibility shall lie with the country in which the damage or deficiency occurs.
- (iii) With regard to consignments handed over after check at the point of interchange, on the basis of the condition in which they are handed over.

- (iv) With regard to consignments made over in sealed wagons, based on the condition in which the wagons are handed over at the interchange point, provided always that any report issued within 24 hours of the unloading of the wagon shall be accepted by both countries as correct, and claims based on such reports shall be decided as under -
  - (a) If they arise out of damage not localized - to be divided between the two countries in the proportion of the mileage/kilometrage travelled by consignment in each country.
  - (b) If they arise out of deficiencies - be treated as the responsibility of the forwarding country.
  - (c) If they arise out of loss and/or pilferage – to be treated as the responsibility of the forwarding country.
- (v) With regard to claims arising on mis-dispatched consignments, the railway initiating the mis-dispatch will be responsible for two thirds of any loss, damage, etc. and the railway on which the loss or damage occurs will be responsible for the balance.
- (vi) With regard to claims arising from delay, the railway on which a consignment takes more than the normal time in transit or which is responsible for delay in making over or taking over at an interchange point or for causing delay by mis-dispatch or otherwise, shall be entirely responsible.
- (vii) There shall be no claims/liabilities for containers and wagons interchanged between MOR and MOICS if customs seals and/or one-time-locks are intact.

## **6 Seals**

- 6.1 The seal card label and/or bracket label to be used for India-Nepal traffic will be white with green line printed across.
- 6.2 Customs Seals shall be accepted as original stations seals, provided that
  - (a) The railway reporting the loss, damage, etc. certifies that the consignment could not be checked at the time the wagon/container was opened for customs examination at the border station and that the report of loss, damage, etc. was made within 24 hours of the subsequent unloading of the wagon/container;
  - (b) If any package is taken out of the wagons/containers by the customs staff at the checking station, advice should be sent by wire to the booking, sealing and destination stations to this effect, giving full details of the packages taken out. A memo indicating the details of the check conducted and the packages taken out of the wagon/container should also be kept inside the wagon/container.

## **7 Articles Received in Excess**

- 7.1 Whenever a package is found to be in excess, this should be notified to the station which last sealed the wagon/container, by a telegram which shall specify the condition of seals at the time of unloading, and be tendered for dispatch on the day the wagon is opened. The package shall be the property of the receiving railway unless it is linked with a specific consignment.

**PROCEDURE FOR EXAMINATION AND CLEARANCE OF  
THE INDIA-NEPAL BILATERAL TRAFFIC ON  
THE RAXAUL-BIRGUNJ RAIL SECTION**

**IMPORT PROCEDURE FROM NEPAL TO INDIA**

When goods (container traffic moving in flats / BOX wagons and/or break-bulk cargo) from Nepal are cleared for import to India through rail transport, the following procedure shall be observed: -

1. The designate officer in-charge of the Nepalese customs office in Inland Container Depot, Birgunj shall furnish the following certificate on the Import Cargo Declaration (herein and after referred as 'ICD')  
"I have verified that the goods specified in this Declaration and of the quantity and value specified herein have been permitted to be exported to India under Licence Number.....dated.....(wherever issued)."

Signature & Seal

2. On or before arrival of goods at Raxaul Railway Station in India, the Shipping line/carrier/his authorized agents shall present an ICD to the proper Customs Officer prior to the arrival of the train in the customs station. The person delivering the ICD shall at the foot thereof make and subscribe to a declaration as to the truth of its contents. If the Customs Officer is satisfied that the ICD is in any way incorrect or incomplete, and that there was no fraudulent intention, he may permit it to be amended or supplemented. The ICD shall be made in quadruplicate. The ICD shall contain the following particulars:-
  - (i) Name & address of Importer,
  - (ii) Date & time of Arrival,
  - (iii) Nationality,
  - (iv) Land Customs Station/ Railway Station of Departure,
  - (v) Railway Receipt No. / Date,
  - (vi) Number & Description of Packages,
  - (vii) Identifying Marks & Numbers,
  - (viii) Quantity & Weight,
  - (ix) Description of Goods,
  - (x) Value of Goods,
  - (xi) Clearance particulars (to be filled in the Customs Station),
  - (xii) Import Licence No. & Date (if required),

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\*\*\* Inserted on 17 December 2008 through Letter of Exchange.

(xiii) Country of Origin of Goods,

(xiv) A Declaration at the end in the following words:-

“I / We declare that the goods entered herein are of Nepalese or Indian origin under the Treaty of Trade between India and Nepal and are meant for import from Nepal into India.

I / We declare that all the entries made herein above are true and correct to the best of my/our knowledge and belief.”

3. On or before arrival of goods at Raxaul Railway Station, the Importers or his authorized Agent shall attach the Bills of Entry as specified in the Indian Customs Act, 1962 along with the following documents, wherever required:-

(i) Signed invoice,

(ii) Packing list,

(iii) Railway Receipts,

(iv) Importer's / CHA's declaration,

(v) License wherever necessary,

(vi) Letter of Credit / Bank Draft (Wherever necessary),

(vii) Insurance document,

(viii) Import license (if required),

(ix) Industrial License, if required,

(x) Test report in case of chemicals,

(xi) Adhoc exemption order,

(xii) DEEC Book / DEPB in original,

(xiii) Catalogue, technical write up, Literature in case of machineries, spares or chemicals as may be applicable,

(xiv) Separately split up value of spares, components machineries,

(xv) Certificate of Origin,

(xvi) Pragyapan Patra.

4. The Bills of Entry, so filed will be subjected to assessment as per the existing procedure of LCS Raxaul and prescribed instruction of the Ministry. The Indian Customs duties and such other levies and taxes as specified under the provisions of Treaty of Trade between India and Nepal read with Indian Customs Act, 1962 and such other Rules / Regulations for the time being in-force, will be collected by the Customs at the LCS Raxaul.

5. On arrival of the goods traffic in flats/BOX wagons / Break-bulk cargo loaded in covered wagons at Raxaul Railway Station, the Indian Customs officer of LCS Raxaul, in the presence of Carrier / Importer or their representatives shall examine the goods with the particulars recorded in the Bills of Entry as per the instructions prescribed by the Ministry. The carrier & custodian of goods (in this case CONCOR / Railways) shall ensure to facilitate Customs for proper examination of goods including drawal of samples as per the prevailing instructions. If the verification is found correct vis-à-vis particulars mentioned in ICD, the Indian Customs authorities may allow clearance subject to the fulfillment of provisions of the Treaty of Trade between India and Nepal, the Indian Customs Act, 1962, and any other law for the time being in force.

6. Carrier i.e. CONCOR/Railways shall provide all necessary equipments, infrastructure and space, as required by the Indian Customs at Raxaul Railway Station for carrying out the examination/verification of the goods as well as drawal of samples, if any, as per the provisions of the Indian Customs Act and such other Acts/Rules/ Regulations for the time being in-force.
7. Carrier and Importer shall ensure before loading the cargo and bringing the same at Raxaul Railway Station that the goods being imported are covered with license / certificate / permit as applicable, especially, in respect of food items/ livestock products/ plant & plant materials/ other Agriculture material so that consignments are not held up for want of statutory documents.
8. In case the verification found not to be correct *vis-à-vis* the particulars recorded in Bill of Entry and/or ICD, the Importer/carrier shall file a fresh/revised Bill of Entry and a fresh/revised ICD along with the required documents. Thereafter, the Indian Customs authorities may allow clearance subject to fulfillment of provisions of the Treaty of Trade between India and Nepal, the Indian Customs Act, 1962, and any other law for the time being in force; and collection of Indian Customs duties and such other levies / taxes, as applicable.
9. After the Indian Customs at LCS Raxaul are satisfied as regards the checks/ examination / verification prescribed in the preceding paragraphs, it shall endorse loading/dispatch particulars of goods on duplicate, triplicate and quadruplicate copies of ICD. After assessments and examination of all the Bills of Entry / ICD for all the items listed in the ICD, the Indian Customs office at LCS Raxaul shall allow the clearance of goods to the Indian destination. Duplicate copy of ICD will be sent to manifest closing section of LCS Raxaul for reconciliation of ICD. The triplicate copy of ICD shall be given to the carrier or his agent and the quadruplicate copy of ICD shall be sent to the Customs Office at Inland Container Depot, Birgunj for their reconciliation.
10. The rail rake carrying the import consignments shall leave Raxaul Railway Station only after receipt of written order to that effect from the Customs officer, LCS Raxaul.
11. The duty of Customs on the Containers is exempted to facilitate the movement of Containers out of the country without payment of duty subject to execution of a bond by the Shipping Agent/Carrier. The shipping agent/carrier is required to file this bond with the LCS, Raxaul, binding themselves to re-export containers within six months of their import into India. The period of six months may be extended by the Deputy/Assistant Commissioner of Customs, LCS, Raxaul.

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Annexure - E\*\*\*

**PROCEDURE FOR EXAMINATION AND CLEARANCE OF  
THE INDIA-NEPAL BILATERAL TRAFFIC ON THE  
RAXAUL-BIRGUNJ RAIL SECTION**

**EXPORT PROCEDURE FROM INDIA TO NEPAL**

The export consignments, duly sealed by the originating Indian Central Excise Officers as detailed in the Nepal Invoice Procedure (DRP) under Rules 18 & 19 of the Central Excise Rules, 2002, the in-bond export consignments, and goods directly purchased from the Indian markets, can be examined and allowed for onward transmission by rail as per the conditions and procedure prescribed under relevant Notification / Circular issued in this behalf. When such goods (container traffic moving in flats / BOX wagons and/or break-bulk cargo loaded in covered wagons) are exported from India to Nepal through rail transport, the following procedure shall be observed:-

1. The jurisdictional officer of Central Excise/Customs shall examine the goods meant for export to Nepal as per the applicable export procedure as detailed in the Nepal Invoice Procedure (DRP) under Rules 18 & 19 of the Central Excise Rules, 2002, the in-bond export consignments, and goods directly purchased from the Indian markets, and shall furnish the following certificate on the Invoice / Export Cargo Declaration, referred hereinafter to as ECD:

"I have verified and examined that the goods specified in this Invoice and/or Export Cargo Declaration and of the quantity and value specified herein have been permitted to be exported under License Number ..... dated ..... (wherever issued) and under Letter of Credit Number ..... dated ..... (if so required) issued by (name & address of the issuing bank)".

**Signature & Seal**

**Note:** The requirement of giving particulars of Letter of Credit in the above certificate will not apply in the case of goods for the exports of which from India, no Letter of Credit is required under the laws of the Government of India. The above certificate will be in addition to the certificate which jurisdictional Central Excise/Customs officers are required to give on the statutory prescribed documents while sealing the container/ Wagon after due examination of the goods.

2. On or before arrival of export traffic at Raxaul Railway Station, the Exporters or their authorized Agents shall file Bills of Export as required and specified in the Indian Customs Act, 1962 and ECD. The Bills of export / ECD shall be filed at Raxaul LCS along with prescribed documents and shall be assessed by Customs officer as per the prevailing practice and instructions issued in this regard.
3. On or before arrival of the export container/break-bulk cargo at Raxaul Railway station, the Shipping Agent/Carrier/Authorized agent shall submit ECD. ECD shall be made in quadruplicate. ECD shall contain the following particulars:-

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\*\*\* Inserted on 17 December 2008 through Letter of Exchange.

- (i) Name & Address of Exporter,
- (ii) Date and Time of Departure,
- (iii) Nationality,
- (iv) Name & Address of the Agent,
- (v) Railway Receipt No. / Date,
- (vi) Railway Wagon No.
- (vii) Number & Description of Packages,
- (viii) Identifying Marks & Numbers,
- (ix) Quantity & Weight,
- (x) Description of Goods,
- (xi) Value of Goods,
- (xii) Destination of Goods,
- (xiii) Shipment Particulars (To be filled in by the Customs Station),
- (xiv) Export Licence No. & Date, if required.,
- (xv) Letter of Credit No., Date & Name & Address of Issuing Bank,
- (xvi) Declaration:

“I/We declare that all the entries made herein above are true and correct to the best of my/our knowledge and belief.”

4. Once the Bills of Export / ECD are passed by the Customs officer, the Indian Customs officer at LCS Raxaul, in the presence of representative of Carrier/Exporter/Agent, shall examine the goods with reference to Bills of Export and / or ECD and declaration given in the Nepal invoice for factory goods, and/or documents for goods under bond, and/or documents for goods directly purchased from the Indian markets. The contents of all copies of ECD / Documents as the case may be, are tallied and the packages, goods or container are identified with their seals intact. The Customs officers, as per the existing guidelines of the Ministry, will conduct examination/inspection of the export cargo including drawal of samples, if any. If verification is found correct vis-a-vis the particulars mentioned in the Bill of Export / invoice and/or ECD, the Customs officers shall give the “Let Export Order”.
5. The Carrier i.e. CONCOR / Railways shall provide all the necessary equipments, infrastructure and space, as required by the Indian Customs at Raxaul Railway Station for carrying out the examination / verification of the goods as per the provisions of the Customs Act, 1962 and such other Acts / Rules / Regulations, for the time being in force.
6. In case the factory seals of the packages or the container, and/or such other seals for in-bond goods and goods of non-factory premises as the case may be, are found broken, the Customs Officer may, to satisfy himself as to the identity of the packages, goods or containers from the particulars shown on the Invoice or such other documents as the case may be, open container or packages, examine goods, and tally the goods with the declaration given therein. If the Customs Officer is satisfied with examination of export consignment, the consignment may be allowed for export to Nepal. The Indian Customs shall put the 'one-time-lock' or 'seal' of the container / wagon and record the same in Bill

of Export and/or ECD. Levy of Export Duty & Cess (wherever applicable) will be collected by the Customs at LCS Raxaul.

7. After the Indian Customs at LCS Raxaul are satisfied as regards the checks / examination / verification contemplated in the preceding paragraphs, the Indian Customs Officer shall then make endorsement on duplicate, triplicate and quadruplicate copies of Bills of Export and/or ECD. After clearance of all the goods mentioned in Bills of Export and/or ECD, the duplicate copy of ECD shall be forwarded to Manifest Closing Section for reconciliation. The triplicate copy of the ECD shall be given to carrier or his agent and the quadruplicate copy of ECD shall be sent to the Customs Office at Inland Container Depot, Birgunj for their verification and return to Raxaul LCS. On return of quadruplicate copy, the same will be reconciled with the original and duplicate copy of Bills of Export and/or ECD in the Manifest Closing Section of LCS, Raxaul.
8. The rail rake carrying the export consignment shall leave Raxaul Railway Station only after receipt of written order to that effect from the Customs officer, LCS Raxaul.
9. On arrival of the cargo by rail at Inland Container Depot Birgunj, the following examination procedure shall be followed: -
  - (a) On arrival of the cargo at Inland Container Depot Birgunj, the Nepalese Customs authorities shall merely check the 'one-time-lock' or 'seal' of the container/wagon put on by the Indian Customs/Central Excise officers. If the seal is found intact, the Nepalese Customs authorities shall deal with the Original & Triplicate copies of the Invoice and/or ECD or such other documents and, return the Duplicate copy after endorsing his certificate of receipt of goods in Nepal directly to the Indian Customs at Raxaul through the Carrier.
  - (b) In case where the 'one-time-lock' or 'seal' of the container / wagon is found broken or defective, the Nepalese Customs authorities shall make due verifications of goods to check whether the goods are in accordance with the ECD and conform to the export license wherever such license is issued, and the Letter of Credit. Respective representatives of the concerned Carrier, Shipping Agent/Exporter and Importer shall be involved in the process of verification.
  - (c) Thereafter, the Nepalese Customs authorities may allow clearance subject to fulfillment of provisions of the Treaty of Trade between India and Nepal, the Nepalese Customs Act, 1962, and any other law for the time being in force, and collection of Nepalese customs duties and such other levies/taxes as applicable.

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Government of Nepal  
**Ministry of Commerce and Supplies**

SINGHA DURBAR  
Kathmandu (NEPAL)  
December 17, 2008

**Excellency,**

I have the honour to acknowledge the receipt of your letter of today's date, which reads as follows:

I have the honour to refer to the understanding reached between the Government of India and the Government of Nepal to permit rail traffic between the two countries to/from ICD Birgunj in tank wagons, to allow bilateral break-bulk cargo on flat wagons and to rationalize the procedures for customs examination and clearance, by amending the Rail Services Agreement between India and Nepal, signed on May 21, 2004, as under.

**I. Replace the existing Article-12.2 with the following:**

**Article-12.2:** Rail traffic between the two countries will comprise container traffic moving in flats/BOX wagons, break bulk cargo in covered wagons and Liquid/Oils in tank wagons. The bilateral rail traffic for break-bulk cargo will, however, also be allowed on flat wagons, during day time only. Alcoholic Liquor/Beverages (including beer) and other concentrates, Perfumes, Cosmetics, Cigarettes, Tobaccos, and such other items as may be notified by Government of India, in consultation with Government of Nepal, shall not be loaded on flat wagons.

**II. Replace the existing Article 19.1 with the following:**

**Article-19.1:** Procedures for customs examination and clearance of containerized/break-bulk transit cargo loaded in covered wagons to and from Nepal shall be in accordance with the provisions laid down in Annexure-A and B of this Agreement.

**III. Insert a new Article- 19.2 as follows:**

**Article-19.2:** Procedures for customs examination and clearance of bilateral traffic from Birgunj to Stations on Indian Railways, and vice-versa, shall be in accordance with the provisions laid down in Annexure -D and E of this Agreement.

- IV. Replace the existing Annexure A & B in respect of Article 19.1 by modified Annexure A & B and add new Annexures D &E in respect of Article 19.2. The modified Annexures A & B and new Annexures D&E are attached with this letter.
2. This letter and your Excellency's confirmation shall amend the Rail Services Agreement between India and Nepal, 2004 as stated above.
3. I shall be grateful if you could kindly confirm that the foregoing correctly sets out the understanding reached between our two Governments.

I confirm that the foregoing correctly sets out the understanding reached between our two Governments.

Please accept, Excellency, the assurances of my highest consideration.

**His Excellency Mr. Rakesh Sood  
Ambassador Extraordinary & Plenipotentiary  
Kathmandu, Nepal**

**(Purushottam Ojha)  
Secretary,  
Government of Nepal.**

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AMBASSADOR OF INDIA  
KATHMANDU (NEPAL)  
December 17, 2008

**Excellency,**

I have the honour to refer to the understanding reached between the Government of India and the Government of Nepal to permit rail traffic between the two countries to/from ICD Birgunj in tank wagons, to allow bilateral break-bulk cargo on flat wagons and to rationalize the procedures for customs examination and clearance, by amending the Rail Services Agreement between India and Nepal, signed on May 21, 2004, as under.

**I. Replace the existing Article-12.2 with the following:**

**Article-12.2:** Rail traffic between the two countries will comprise container traffic moving in flats/BOX wagons, break bulk cargo in covered wagons and Liquid/Oils in tank wagons. The bilateral rail traffic for break-bulk cargo will, however, also be allowed on flat wagons, during day time only. Alcoholic Liquor/Beverages (including beer) and other concentrates, Perfumes, Cosmetics, Cigarettes, Tobaccos, and such other items as may be notified by Government of India, in consultation with Government of Nepal, shall not be loaded on flat wagons.

**II. Replace the existing Article 19.1 with the following:**

**Article-19.1:** Procedures for customs examination and clearance of containerized/break-bulk transit cargo loaded in covered wagons to and from Nepal shall be in accordance with the provisions laid down in Annexure-A and B of this Agreement.

**III. Insert a new Article- 19.2 as follows:**

**Article-19.2:** Procedures for customs examination and clearance of bilateral traffic from Birgunj to Stations on Indian Railways, and vice-versa, shall be in accordance with the provisions laid down in Annexure -D and E of this Agreement.

- IV. Replace the existing Annexure A & B in respect of Article 19.1 by modified Annexure A & B and add new Annexures D &E in respect of Article 19.2. The modified Annexures A & B and new Annexures D&E are attached with this letter.
2. This letter and your Excellency's confirmation shall amend the Rail Services Agreement between India and Nepal, 2004 as stated above.
  3. I shall be grateful if you could kindly confirm that the foregoing correctly sets out the understanding reached between our two Governments.
  4. Please accept, Excellency, the assurances of my highest consideration.

His Excellency Mr. Purushottam Ojha,  
Secretary,  
Ministry of Commerce & Supplies,  
Government of Nepal

(Signed)  
(Rakesh Sood)

His Majesty's Government of Nepal  
**Ministry of Industry, Commerce and Supplies**

21 May 2004

Excellency,

1. Consequent upon the signing of the **Nepal-India Rail Services Agreement** between the His Majesty's Government of Nepal and the Government of India, I have the honour to draw your attention to Article 1.3 of the said Agreement. Our two sides have agreed that the operational aspects of the rail services in the Birgunj ICD by the Indian Railways will be governed by the Railways Act 1989, until HMGN makes alternative arrangements, provisions of which are mutually agreed upon.
2. With respect to Article 4 of the Agreement, our two sides have agreed that, in order to ensure efficient and economic operation of services at the ICD at Birgunj, the Terminal Management Company appointed to operate and manage this ICD must have three years previous experience of managing similar rail linked facilities with similar volumes of container traffic. However, this condition would not apply to the Nepali company selected as the joint venture partner by an Indian company if the latter were to be appointed as the Terminal Management Company.
3. This letter and your Excellency's confirmation shall constitute an Agreement between our two Governments.
4. I shall be grateful if you could kindly confirm that the foregoing correctly sets out the understanding between our two Governments.
5. Please accept, Excellency, the assurances of my highest consideration.

His Excellency  
Shri L.R. Thapar  
Additional Member (Traffic)  
Railway Board  
Government of India

Sd.  
(Dinesh C. Pyakural)  
Secretary

21 May 2004  
L.R. Thapar  
Additional Member (Traffic)  
Railway Board  
Government of India  
Camp: Kathmandu

Excellency,

I write to acknowledge the receipt of your letter of today's date which reads as follows:

- "1. Consequent upon the signing of the **India-Nepal Rail Services Agreement** between the Government of India and His Majesty's Government of Nepal, I have the honour to draw your attention to Article 1.3 of the said Agreement. Our two sides have agreed that the operational aspects of the rail services in the Birgunj ICD by the Indian Railways will be governed by the Railways Act, 1989 until HMGN makes alternative arrangements, provisions of which are mutually agreed upon.
2. With respect to Article 4 of the Agreement, our two sides have agreed that, in order to ensure efficient and economic operation of services at the ICD at Birgunj, the Terminal Management Company appointed to operate and manage this ICD must have three years previous experience of managing similar rail linked facilities with similar volumes of container traffic. However, this condition would not apply to the Nepali company selected as the joint venture partner by an Indian company if the latter were to be appointed as the Terminal Management Company.
3. This letter and your Excellency's confirmation shall constitute an Agreement between our two Governments.
4. I shall be grateful if you could kindly confirm that the foregoing correctly sets out the understanding between our two Governments."

I confirm that the foregoing correctly sets out the understanding reached between our two Governments.

Please accept, Excellency, the assurances of my highest consideration.

His Excellency  
Dinesh C. Pyakural  
Secretary  
Ministry of Industry, Commerce and Supplies  
His Majesty's Government of Nepal

Sd.  
L.R. T hapar

**TRADE AND PAYMENTS AGREEMENTS BETWEEN HIS MAJESTY'S  
GOVERNMENT OF NEPAL  
AND  
THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA**

His Majesty's Government of Nepal and the government of the People's Republic of China (hereinafter referred to as the Contracting Parties) for the purpose of further developing the friendship between the two countries and strengthening the economic and trade relations between the countries, including the traditional trade relations between Nepal and Tibet Autonomous Region of China, have on the basis of equality and mutual benefit agreed as follows: -

**Article I**

The two Contracting Parties shall take all appropriate measures to develop the trade between their two countries and agree to promote the exchange of goods between them. The two Contracting Parties, in addition to trade overseas, shall provide each other all possible facilities for the further consolidation and development of the traditional trade overland between the two countries.

**Article II**

The exchange of goods between the two countries shall be conducted in accordance with their respective laws, regulations and procedures regarding import and export and foreign exchange regulations in force from time to time in the two countries.

**Article III**

The exchange of goods between the two countries shall be carried out according to List "A" (China's exports to Nepal) and List "B" (Nepal's exports to China) attached to this Agreement. However, this Agreement does not preclude the trade in commodities not mentioned in the annexed Lists "A" and "B" as referred to above. The two Contracting Parties shall provide each other facilities in respect of the issuance of import and export Article IV Licences for the commodities traded between the two countries.

**Article IV**

The trade between the two countries shall be based and regulated as far as possible on the principle of equilibrium.

**Article V**

The trade between two countries may be conducted through the state trading organizations of Nepal and China, as well as other importers and exporters of the two countries.

**Article VI**

The two Contracting Parties shall grant to each other the most favoured nation treatment in all matters relating to customs duties and other taxes, fees and charges to be levied on exportation and importation of commodities and to the rules, formalities and charges of customs management.

This provision, however, shall not apply to:

1. advantages resulting from any customs union or other agreement on customs free trade to which either contracting Parties is or may become in the future a party;
2. advantages accorded by multilateral economic agreement relating to international commerce.

## **Article VII**

In order to develop the trade overland between the two countries the two Contracting Parties agree to utilize the following trading points along their frontier:

1. Kodari/Nyalam
2. Rasuwa/Kyerong
3. Yari (Humla)/Purang

## **Article VIII**

With a view to improve the economic life of the border inhabitants, the two Contracting Parties agree that the border inhabitants of the two countries, may, within area of 30 Kilometers from the border, carry on the traditional trade on barter basis, which shall not be subjected to the limitation of the above-mentioned provisions.

## **Article IX**

The trade overland between the two countries shall be on the basis of C & F at the point of transfer of the goods over the border between Nepal and the Tibet Autonomous Region of China, or such other places in the vicinity of the border as may be determined by the local authorities concerned.

## **Article X**

The trade overseas between the two countries shall be, in the case of export from China, on the basis of C.I.F. Calcutta or other port on which both Parties have agreed, or of F.O.B. China's port; and in the case of export from Nepal, on the basis of F.O.B. Calcutta or other port on which both Parties have agreed, or of C.I.F. China's port.

## **Article XI**

Nothing in this Agreement shall be construed to derogate from any obligations of either of the Contracting Parties under any international convention or agreement, resolution, including those relating to landlocked countries entered into by either of the Contracting Parties, before or after the conclusion of this Agreement.

## **Article XII**

At the request of either Contracting Party, their representative shall meet to supervise the implementation of this Agreement and settle problems which may arise therefrom through friendly consultations.

## **Article XIII**

The payments of trade overseas between the two countries shall be made in freely convertible currency.

The payments of the trade overland between the two countries shall remain to be made in the traditional customary way.

## **Article XIV**

This Agreement, which shall replace the earlier Trade and Payments Agreements signed between the two Contracting Parties on 31<sup>st</sup> day of May 1974, remain in force for a period of three years. If neither party notifies the other in writing to terminate Agreement at least six months before its expiration, the validity shall be automatically extended for another three years and further extensions shall be effected in a similar manner.

The present Agreement is concluded in Kathmandu on 22<sup>nd</sup> day of November, 1981 in duplicate in the Nepalese, Chinese and English languages, all the three texts being equally authentic.

|  |   |
|--|---|
| Sd<br>For His Majesty's Government of<br>Nepal | Sd<br>For the Government of the<br>People's Republic of China |
|--|---|

**LIST "A"**

**CHINA'S EXPORTS TO NEPAL**

**China's overseas exports to Nepal.**

1. Textiles
2. Garments
3. Light industrial products
4. Food stuffs
5. Cement
6. Metals and steel products
7. Lubricant oil
8. Chemicals
9. Others

**Exports from the Tibet Autonomous Region of China to Nepal.**

1. Raw wool
2. Living sheep
3. Salt
4. Yak and Yak tails
5. Carpets
6. Others

**LIST "B"**

**NEPAL'S EXPORTS TO CHINA**

**Nepal's Exports to China**

1. Jute
2. Sugar
3. Timber
4. Tanned sole leather
5. Medicinal Herbs
6. Tea
7. Other

**Nepal's exports to the Tibet Autonomous Region of China**

1. Food grains
2. Wheat Flour
3. Sugar
4. Jute bags and Jute cloth
5. Tobacco
6. Dried chillies
7. Candles
8. Dyestuffs
9. Soaps
10. Timber
11. Cross bred yak (male)
12. Others

**Foreign Secretary  
His Majesty's Government  
Kathmandu, Nepal**

Kathmandu, December 3, 2003

Excellency,

I have the honour to refer to Article VII of the Trade and Payments Agreement between His Majesty's Government of Nepal and the Government of the People's Republic of China of 22<sup>nd</sup> November 1981 as well as the Exchange of Notes relating thereto, and propose on behalf of His Majesty's Government of Nepal the following:

In order to further develop trade between the two countries, His Majesty's Government of Nepal and the Government of the People's Republic of China agree to utilize the following additional trading points along their frontier including the Kodari/Nielamu; Rasuwa/Jilong; Yari/Pulan; and Olangchunggola/Riwu trading points as provided for in the existing agreements:

Kimathanka (Nepal) -Riwu (China)

Nechung (Nepal) - Lizi (China)

I have further the honour to propose that if the foregoing proposals are acceptable to your Government, this Note and your Note reply shall constitute an agreement between our two Governments, which shall enter into force on the date of your reply.

Please accept, Excellency, the assurances of my highest consideration.

His Excellency Mr. Sun Heping  
Ambassador Extraordinary and Plenipotentiary  
of the People's Republic of China  
to the Kingdom of Nepal

Sd.  
(Madhu Raman Acharya)

(Translation)

Kathmandu, December 3, 2003

Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note dated December 3, 2003, which reads as follows:

"I have the honour to refer to Article VII of the Trade and Payments Agreement between His Majesty's Government of Nepal and the Government of the People's Republic of China of 22<sup>nd</sup> November 1981 as well as the Exchange of Notes relating thereto, and propose on behalf of His Majesty's Government of Nepal the following:

In order to further develop trade between the two countries, His Majesty's Government of Nepal and the Government of the People's Republic of China agree to utilize the following additional trading points along their frontier including the Kodari/Nielamu; Rasuwa/Jilong; Yari/Pulan; and Olangchunggola/Riwu trading points as provided for in the existing agreements:

Kimathanka (Nepal)-Riwu (China)

Nechung (Nepal) - Lizi (China)

I have further the honour to propose that if the foregoing proposals are acceptable to your Government, this Note and your Note reply shall constitute an agreement between our two Governments, which shall enter into force on the date of your reply."

On behalf of the Government of the People's Republic of China, I hereby confirm the contents of the above-mentioned Note, and agree that it shall come into force from this day.

Please accept, Excellency, the assurances of my highest consideration.

Sd.

His Excellency Mr. Madhu Raman Acharya,  
Secretary  
Ministry of Foreign Affairs of  
His Majesty's Government of Nepal

Sun Heping  
Ambassador Extraordinary and Plenipotentiary  
of the People's Republic of China  
to the Kingdom of Nepal

**AGREEMENT**  
**BETWEEN HIS MAJESTY'S GOVERNMENT OF NEPAL**  
**AND**  
**THE GOVERNMENT OF THE PEOPLE'S REPUBLIC CHINA**  
**CONCERNING BILATERAL ROAD TRANSPORTATION**

His Majesty's Government of Nepal and the Government of the People's Republic of China hereinafter referred to as the 'Contracting Parties';

With a view to further promoting traditional friendship and close relationship between the Kingdom of Nepal and the People's Republic of China.

Taking into account the need for further development of bilateral trade and economic cooperation; and

Desiring to develop on the basis of reciprocity the transportation of passengers, goods and mail between the two countries:

Have agreed through friendly consultations upon the following:

**Article 1**

The contracting Parties hereby agree to operate regular and non-regular bilateral road transportation of passengers including tourists, goods and mail services between the two countries. Such transportation shall be carried out on the road and on the points opened and agreed by the Contracting Parties. Specific routes and passing points shall be mentioned in the Rules for Implementation to this Agreement.

**Article 2**

Regular and non-regular transportation shall be operated by mutual consent of the competent authorities of the Contracting Parties.

**Article 3**

The competent authorities of the Contracting Parties shall issue permits for vehicles for that part of the route which passes through their respective territory.

**Article 4**

1. When the dimensions and the weight of a road transport vehicle traveling with or without goods exceed the standards established in the territory of the other Contracting Party and also when hazardous goods are being carried, the carrier shall obtain a special permit from the competent authorities of the Contracting Party concerned.
2. If the permit referred to in paragraph (1) of this Article provides for the movement of a road transport vehicle by a specific route, the transportation must take place along that route.

**Article 5**

1. The transport operation envisaged in this Agreement may be performed only by carriers who, in conformity with the internal law of their country, are permitted to carry out bilateral road transport operations.

2. Road transport vehicles involved in bilateral road transport operations shall have a vehicle registration plate and the distinguishing mark of their country.

### **Article 6**

Notwithstanding anything contained in other provisions of this Agreement, a carrier shall not be permitted to transport passengers or goods between two points on the territory of the other Contracting Party.

### **Article 7**

Transportation of goods provided for in this Agreement shall be undertaken under consignment notes of each Contracting Parties, the form of which observes the generally accepted international model.

### **Article 8**

1. The driver of a coach or of a goods vehicle shall hold a valid national or international drivers' licence corresponding to the category of the road transport vehicle he is driving, and national registration documents for road transport vehicle.
2. Permits and any other documents required in accordance with the provision of this Agreement shall be carried in the road transport vehicle to which they relate and be produced upon the request of competent authorities.

### **Article 9**

Practical matters connected with carrying out the transportation of passengers and goods envisaged in this Agreement may be settled directly between the competent authorities of the Contracting Parties.

### **Article 10**

The payment for the bilateral road transportation under this Agreement shall be made either in the freely convertible foreign currency or as per the bilateral agreements concluded or to be concluded from time to time between the two Contracting Parties.

### **Article 11**

1. In the performance of transport operation on the basis of this Agreement the following items brought on to the territory of the other Contracting Party shall be the allowed and exempted from customs, taxes and duties.
  - a) fuel held in the tanks in/on each model of road transport vehicle and which are linked technically and structurally with the engine's feed system.
  - b) Lubricants necessary for use during the transport operation.
  - c) Spare parts and tools required for the repair of a road transport vehicle involved in bilateral road transport operation and such items shall be declared in the customs office.
2. Unused spare parts shall be subject to being taken back out of the country while spare parts that have been replaced should be either taken out of the country or destroyed or handled in the manner prescribed in the territory of the Contracting Party concerned.

### **Article 12**

Transportation of passengers and goods on the basis of this Agreement shall be performed under third party liability insurance. The carrier shall be obliged to insure in advance each road vehicle undertaking the said transport operation.

### **Article 13**

In relation to border, customs and quarantine formalities, taxation and fees, the provisions of international treaties to which both Contracting Parties are party or the bilateral agreements between the Contracting Parties shall be applied and in deciding matters which are not regulated by this Agreement the internal law of each of the Contracting Parties shall be applied.

### **Article 14**

In relation to border, customs and quarantine formalities, priority attention shall be given to seriously ill patients who are being transported, to passengers carried by regular coach services and also to animals and perishable goods being transported respectively.

### **Article 15**

Carriers of one Contracting Party are obliged to observe the traffic laws and other laws and regulations of the Contracting Party on whose territory their vehicles are plying.

### **Article 16**

For the purpose of ensuring fulfillment of this Agreement the competent authorities of the Contracting Parties shall carry out direct contacts and at the suggestion of either Contracting Party hold consultations to decide matters connected with the system of permits for the transportation of passengers and goods and shall also exchange experience and information on the use of permits that are issued.

### **Article 17**

The contracting Parties shall settle all differences which may arise in connection with the interpretation or application of this Agreement, through negotiations and consultations.

### **Article 18**

This Agreement shall not affect the rights and obligation of the Contracting Parties arising from other international treaties which they have concluded.

### **Article 19**

1. This Agreement shall enter into force on the date of signature.
2. The Contracting Parties shall review the operation of this Agreement after two years from the date of effect of this Agreement.
3. This Agreement shall remain valid for a period of five years. Its validity shall be automatically extended for successive periods of five years unless terminated by either contracting party by giving a notice as mentioned in paragraph 4 below.
4. This Agreement may be terminated by either contracting Party by giving a six month written notice to the other contracting party.

Done in Beijing on six of May 1994 in duplicate in Nepali, Chinese and English languages, all texts being equally authentic. In case of any differences in interpretation, the English text shall prevail.

(Shiva Raj Joshi)

Assistant Minister

Ministry of Works and Transport.

for His Majesty's Government of Nepal.

(Li Juchang)

Vice Minister

Minister of Communication

for The Government of the People's

Republic of China

**PROTOCOL**

**ON THE APPLICATION OF THE AGREEMENT BETWEEN HIS  
MAJESTY'S GOVERNMENT OF NEPAL AND THE GOVERNMENT  
OF THE PEOPLE'S REPUBLIC OF CHINA CONCERNING  
BILATERAL ROAD TRANSPORTATION**

With respect to the application of the Agreement Between His Majesty's Government of Nepal and the Government of the People's Republic of China Concerning Bilateral Road Transportation signed in Beijing, on May 6, 1994, an understanding has been reached as follows:

1. The term "Competent Authorities" mentioned in the various Articles of the Agreement shall be as follows.
  - (1) For His Majesty's Government:
    - (a) For the purpose of the Articles 2,3,4,9 and 16 of the Agreement  
The Ministry of Works and Transport or any authority or authorities as designated by the said Ministry from time to time.
    - (b) For the purpose of Paragraph 2 of Article 8,
      - i. Concerned District Administrative Offices,
      - ii. Concerned District Police offices
      - iii. Concerned Immigration Offices,
      - iv. Concerned Customs Offices.
  - 2 For the Government of the People's Republic of China:
    - (a) for the purpose of the Article 2,3,9 and 16 of the Agreement- the Ministry of Communications of the People's Republic of China (MOC) and the authorized Department of Communication of Xizang (Tibet).
    - (b) For the purpose of the Article 4 and 8 of the Agreement the Ministry of Communications of the People's Republic of China, the Ministry of Republic Security of the People's Republic of China and the authorized Department of Communications of Xizang (Tibet) and the authorized Department of Public Security of Xizang (Tibet).
  2. In the side Agreement the terms should be understood as follows:
    - (1) the term "road transport vehicle" means
      - (a) In transporting goods-goods vehicle, a goods vehicle with trailer or semi-trailer and a road towing vehicle,
      - (b) In transporting passengers-a coach, i.e. a road transport vehicle designed for carrying passengers including tourist and having no fewer than 8 seats excluding the driver's seat, and also vehicle (s) for carrying baggage when required,
    - (2) the term "regular transportation" means transportation carried out by road transport vehicles of the Contracting Parties according to a previously agreed

timetable and route, where the initial, terminal and stopping points are designated.

- (3) The term- "non-regular transportation" means all other road transportation services except the regular transportation.
- 3. The authorization envisaged in Article 3 of the Agreement does not exempt arriers and owners of goods from the duty to obtain customs clearance necessary in accordance with the internal laws and regulations of each country.
- 4. The term "quarantine formalities" mentioned in Article 13 and 14 should be understood to mean health, veterinary and also phytological inspection.

This Protocol shall be an integral part of the Agreement.

Done in Beijing on May 6, 1994, in duplicate in Nepali, Chinese and English languages, all the texts being equally authentic.

In case of any difference in interpretation the English text shall prevail.

Shiva Raj Joshi  
Assistant Minister  
Ministry of Work and Transport  
For His Majesty's Government of Nepal

Li Juchang  
Vice Minister  
Ministry of Communications  
For the Government of the  
People's Republic of China

**AGREEMENT BETWEEN**  
**THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA**  
**AND**  
**HIS MAJESTY'S GOVERNMENT OF NEPAL**  
**ON**  
**TRADE AND OTHER RELATED MATTERS**  
**BETWEEN**  
**THE TIBET AUTONOMOUS REGION OF CHINA AND NEPAL**

The Government of the People's Republic of China and His majesty's Government of Nepal (hereinafter referred to as the "two Parties");

Being desirous of further developing the friendly and good-neighborly relations between two countries;

With a view to enhancing the traditional friendly relations between the peoples of the two countries, and particularly between the inhabitants of the Tibet Autonomous Region of China and the people of Nepal on the basis of the five Principles of mutual respect for each other's sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful co-existence;

After friendly consultations have agreed on the following:

**Article I**

The two Parties agree that the movement of persons between the Tibet Autonomous Region of China and Nepal shall be governed by the following provisions:

1. Diplomatic personnel, civil servants and other nationals (except those covered by paragraph 3,5 and 6 of this Article and paragraph 3 of Article VII) of either country who wish to travel to the other country shall hold valid passports issued by their own country and visas issued by the other country. Nationals of either country entering the Tibet Autonomous Region of China or Nepal via a third country shall also hold valid passports issued by their own country and visas issued by the other country.
2. Traders of either country customarily and specially engaged in trade between the Tibet Autonomous Region of China and Nepal (other than those persons covered by paragraph 3 of this Article), their spouses, dependent children and attendants shall hold valid passports issued by their own country and visas issued by the other country. They may be given visas for a single double, multiple entry valid for one year, depending on the situation and their needs.
3. Inhabitants of the border districts as specified by either Party (hereinafter referred to as "border inhabitants") who wish to travel to the border districts of the other country for border trade including small fairs or border trade in small volumes or petty trade, or for visiting relatives or friends shall hold exit-entry passes of the border districts (Details of such passes shall be determined by the two Parties through diplomatic channels and implemented duly) issued by the competent authorities and accept the check-up by the Frontier Inspection Station or Border Check-Post, or the first encountered duly

authorized government agency before traveling to the border districts of the other country. They shall not go beyond the border districts into the interior of the country. However, the existing practices shall continue until such specification and the introduction of the new arrangement referred to in this Paragraph.

4. Border inhabitants who wish to travel beyond the border districts of the other country and other nationals of either country shall hold valid passports issued by their own country and visas issued by the other country.
5. Border inhabitants of either country who are religious believers may travel to the other country for the purpose of pilgrimage with exit-entry passes of the border districts, provided that they will not go beyond the border district of that country; border inhabitants of either country who wish to travel beyond the border districts of the other country and religious believers of either country who are not border inhabitants shall hold valid passports issued by their own country and visas issued by the other country or identity certificates of pilgrims affixed with the pictures of the holders, issued by the authorized agency of their own government and recognized by the other country, and accept the check-up by the Frontier Inspection Station or Border Check-Post or the first encountered duly authorized government agency of the other country at the entry and exit points. Those who hold the identity certificates of pilgrim shall enter into and exit from the other country only through the entry points agreed upon by the two sides and shall not stay in the border districts of the other country more than one month. Until such points are agreed upon, the existing entry-exit points shall continue to be utilized.
6. Porter, muleteers, drivers of motor vehicles and artisans of either country may not enter the border districts of the other country without an exit-entry pass of the border district and without accepting the check-up by the Frontier Inspection station or the Border Check-Post or the first encountered duly authorized government agency and they shall not go beyond the specified areas. Motor vehicles of either country may, after obtaining permission of the other country, enter into appropriate places of the other country.
7. Border inhabitants of either country may travel to the other country for border trade, small fairs or border trade in small volumes or petty trade; for the purpose of pilgrimage or for visiting relatives or friends through the routes and entry points agreed upon by the authorities of the two Parties through consultations. Until such routes and entry points are specified, the existing routes and entry points shall continue to be utilized. Traders of either country who wish to travel to the other for trade in large volumes or in groups or delegations shall go through the routes and entry points opened by the two government i.e. Purang, Kyerong, Nyalam and Riwo on the Chinese side and Yari, Rasuwa, Kodari and Olangchung Gola on the Nepalese side and any other points as may be agreed upon between the two government from time to time. However, the provisions of this paragraph shall in no way affect the facilities being enjoyed by the inhabitants of border district to carry on the traditional trade on barter basis under the provisions of Article 8 of the Trade and Payments Agreement of 1981. Further, such traditional trade on barter basis shall not be restricted by the provisions mentioned in this paragraph as regards routes and exit-entry points.
8. Government officials, pilgrims, businessmen and tourists of both countries shall have the facility of engaging the means of transport at normal and reasonable rates.

9. Notwithstanding the provisions of the foregoing paragraphs of this Article, either Party has the right to refuse entry into its territory of any persona non grata.
10. Nationals of either country who have entered the territory of the other country in accordance with the foregoing paragraphs of this Article may stay within the territory of the other country only after completing the procedures specified by the other country.

### **Article II**

The two Parties agree that pilgrimage contacts between the Tibet Autonomous Region of China and Nepal shall be maintained and for this purpose have agreed on the following provisions:

1. The competent local authorities of either country shall provide facilities for pilgrims to enter into and exit from its territory.
2. Pilgrims of either country shall complete the procedures specified in paragraph 5 of Article I of the present Agreement for their entry into and exit from the territory of the other.
3. The personal luggage and pilgrimage articles carried by pilgrims as stipulated by the laws of either country shall be exempted from duties.

### **Article III**

The two sides agree to make full use of the Lhasa-Kathmandu Highway on a reciprocal basis to transport passengers and cargo, and promote cooperation between the two countries in trade, tourism and other fields, according to the procedures agreed upon by the two Parties.

### **Article IV**

In order to ensure that the nationals of either country live and work in peace and contentment in the territory of the other and promote the development of friendship between the two countries, the two Parties have agreed on the following:

1. Either country shall protect the life, property and legitimate rights and interests of the nationals of the other country in its territory.
2. Unless otherwise agreed by the two Parties, nationals of either country shall not be allowed to engage without permission in such activities as herding, grazing, farming, hunting, felling trees and picking medicinal herbs in the territory of the other country. Any violation of this provision shall be handled by the host country according to its laws.
3. Nationals of either country in the territory of the other shall abide by the laws and regulations of the host country, pay taxes and respect the local customs.
4. All civil and criminal cases or disputes in the territory of either country involving nationals of the other country shall be handled by the Government or the judicial organs of the host country. If such a case comes up, the host country shall inform without undue delay the diplomatic or consular missions or local foreign affairs office, as the case may be, of the sending country.
5. Livestock, plants and their products of either country shall require duly certified quarantine certificates of the exporting country and the importing country shall recognize such certificates on a reciprocal basis.
6. The two Parties shall co-operate with each other in the conservation, promotion and development of the protected zones in the border areas of the two countries, and in

prohibiting illegal export and import of specimens or products or any part of the dead or living wild animals, birds and plants. The two Parties have also undertaken to protect and conserve the animals and birds migrating across the border.

#### **Article V**

1. The two Parties shall encourage and support the development of economic and trade relations between the Tibet Autonomous Region of China and Nepal. The authorities concerned of either country shall protect the legitimate right and interests of the traders of the other country in its territory and facilitate their business activities. The traders of either country in the territory of the other must abide by the laws and regulations of the host country and shall be subject to the jurisdiction of the authorities concerned of that country.
2. The two Parties shall promote traditional border trade between the Tibet Autonomous Region of China and Nepal. Border inhabitants and traders of either country shall enter into and exit from the other country through the entry points and routes designated by the competent local authorities of that country and shall do business in the designated places. The competent local authorities shall provide facilities and protection to the border inhabitants and traders of the other country who are engaged in barter trade, trade paid in cash or other forms of border trade.
3. The two Parties should encourage and support payment through banks for such trade, particularly by letters of credit. The two Parties shall take pragmatic attitude and facilitate the border trade between border inhabitants and traders of the two sides when conditions are not ripe for trade by letters of credit. In case of any debt disputes arising from border trade, the local officials of the two Parties shall try to settle them through consultations.

#### **Article VI**

The two Parties shall encourage and support cooperation between the Tibet Autonomous Region of China and Nepal in tourism, economic development, technological innovation, trade promotion, and civil aviation service.

#### **Article VII**

1. In order to strengthen the friendship between the local officials of the two Parties and settle any disputes, which may arise from time to time, the local officials of the border districts of the two Parties may hold meetings and exchange information as and when necessary.
2. The level, time and venue and other matters concerning such meetings shall be decided through consultations between the local officials concerned of the two Parties.
3. Local officials of either country shall travel to the other country for such meetings with exit-entry passes of the border districts or identity certificates affixed with the pictures of the holders, issued by the authorized agency of their own government and recognized by the other government.

#### **Article VIII**

The two Parties may enter into specific arrangements for the purpose of implementing the provisions of this Agreement and make other arrangements independent of this Agreement.

## **Article IX**

This Agreement shall come into force on the date of its signing and shall remain in force for a period of ten years and shall be renewed automatically for further periods of ten years unless it is terminated by either Party through a written notice to that effect six months before its expiration. Amendment to this Agreement shall be negotiated by the two Parties and confirmed through diplomatic channels if either Party proposes to amend the Agreement.

Done at Beijing on the Tenth Day of the Month of July of the Year Two Thousand Two in Duplicate in the Chinese, Nepali, and English Languages, all texts being equally authentic. In case of divergence, the English text shall prevail.

Signed  
For the Government of People's  
Republic of China

Signed  
For His Majesty's Government of Nepal

**Agreement of Co-operation for Industrial Product Inspection between  
General Administration of Quality Supervision, Inspection and Quarantine  
of the people's Republic of China (AQSIQ) and Nepal Bureau of Standards  
and Metrology (NBSM)**

**1. General Provision**

With a view to promoting the development of industrial products between China and Nepal, and strengthening inspection cooperation in the field of industrial products between China and Nepal, the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (AQSIQ) Nepal Bureau of Standards and Metrology His Majesty's Government of Nepal (NBSM) (hereinafter referred to as the Parties) have agreed to conduct cooperation and exchanges on industrial product inspection under the conditions of mutual respect according to the relevant laws and regulations of each country.

The Parties believe that the mutual exchange, cooperation and the signing of this Agreement will help to enhance the understanding and bilateral cooperation between China and Nepal in the field of industrial product inspection and management, help to establish a liaison channel for mutual understanding and help to resolve problems arising in trade for achieving objectives of mutual benefits and mutual interest.

**2. Areas of Cooperation**

The Parties agree to carry out cooperation for industrial product inspection in the following aspects:

- 2.1 To establish liaison channel for industrial products inspection and management;
- 2.2 To establish information channel for laws and regulations, and inspection standards on industrial products.
- 2.3 To conduct intercomparison of government-designated laboratories in accordance with ISO/IEC 17025;
- 2.4 To conduct exchange of inspection technology and training of inspection technicians;
- 2.5 To conduct technical cooperation projects for industrial product;
- 2.6 To conduct cooperation on mutual recognition of inspection certificates for import and export industrial product;
- 2.7 To set up channels for mutual notification and solution of quality problems of industrial product;

Within the above scope of cooperation, as to the product subject to national compulsory certification, the relevant laws and regulations of each country shall be abided by.

**3. Working Procedures**

- 3.1 The list of products for inspection cooperation will be decided through mutual consultation (hereinafter referred to as the List).
- 3.2 Basis for inspection:  
The Parties should provide the other Party with the technical regulations and inspection standards concerning the product covered by the List 3. The Parties

should issue the inspection certificate according to the inspection basis of the other Party.

If the party has revised technical regulations and standards, it should notify the others months before the technical regulations and standards entering into force.

3.3 Exchange of information and personnel

The Parties agree, on the basis of mutual interest, to conduct exchange on aspects such as laboratory and inspection personnel within the scope of industrial products concerned.

3.4 Mutual recognition of inspection certificate

3.4.1 The Parties agree to mutually recognize each other's inspection certificate, and regard the certificate as evidence for release.

3.4.2 Prior to the shipment of products covered by the list exported from China to Nepal, the trade-related parties submit application for inspection to China entry-exit commodity inspection agencies; China entry-exit commodity inspection agencies will conduct inspection according to the inspection basis provided by Nepal. If the product is in the conformity with relevant standards, they will issue the CIQ (China Inspection and Quarantine) certificate, which will be regarded by the customs of Nepal as evidence for customs clearance.

3.4.3 Prior to the shipment of products covered by the List exported from Nepal to China, the trade-related parties submit application for inspection to NBSM; the NBSM will conduct inspection according to the inspection basis provided by China. If the product is in the conformity with relevant standards, they will issue the NBSM certificate, which will be regarded by China entry-exit commodity inspection agencies as evidence for customs clearance.

3.4.4 Application of this Agreement shall not prevent the application of random check control by the competent body responsible for entry-exit commodity inspection of the importing country.

3.4.5 The cost inspection will be born by manufacturer, importer, or exporter or as per agreement between buyers and suppliers.

3.5 The Parties agree to have regular meetings every other year under this Agreement to coordinate and discuss the above key objectives, to resolve issues arising from the bilateral cooperation in industrial product inspection, discuss the activities and work plan for future cooperation on inspection technology, scientific cooperation projects, laboratory inter comparison and inspection certificates.

3.6 The biennial meetings will be held in China and Nepal in turn at Director General level.

3.7 The biennial meetings shall be followed with a Memorandum of Meeting done in duplicate in the Chinese, Nepali, and English languages.

3.8 Financial arrangement

Activities to be conducted by the Parties shall follow the schedule mutually agreed upon. The inviting Party shall make the schedule and each party shall fund its own participation, including costs of international and domestic

transportation, meals and accommodation. The Parties shall abide by the principle of reciprocity.

#### **4. Contact Points**

The Parties agree to set up contact points for daily contact and implementation of this Agreement.

The Contact point of the Chinese side: Department of Supervision on Inspection of AQSIQ.

The contact point of the Nepalese side: Nepal Bureau of Standards and Metrology.

See Annex for detailed information on contact points and contact persons.

#### **5. Obligations**

- 5.1 The exporting country will bear no obligation to compensate for the loss incurred by the use of inspection certificate or the use of other information obtained from this Agreement unless it is proved that such loss is caused due to the importer behavior of the inspection agencies of the exporting country.
- 5.2 If a third party claims compensation due to problems to one Party, then the Parties should solve the problem through timely communication, cooperative investigation, and consultation.

#### **6. Confidentiality**

The Parties agree that neither Party shall disclose to third party information, standards, technical documents, and inspection results supplied by the other Party.

#### **7. Validity and Termination**

- 7.1 This Agreement will come into effect on the date of its signature and will remain effective for a period of two years. It will be automatically renewed for successive period of two years, unless one Party notifies the other in writing of its intention to terminate this Agreement.
- 7.2 Either Party may notify the other in writing of its intention to terminate this Agreement 6 months in advance.
- 7.3 The termination of this Agreement will not affect the duration or validity of any cooperative activities under this Arrangement, which are in progress at the time of the notification of the termination of this Arrangement.

#### **8. Amendment of Provisions**

This Agreement may be amended when mutually agreed by the Parties in writing.

#### **9. Dispute Settlement**

Any differences on or concerning this Agreement will be resolved amicably through consultation between the Parties.

Done in Kathmandu on 6th October 2005, in duplicate in the Chinese, Nepali and English languages. In case of divergence, the English text shall prevail.

For the General Administration of  
Quality Supervision, Inspection and  
Quarantine of the People's Republic  
of China

For Nepal Bureau of Standards  
and Metrology, His Majesty's  
Government of Nepal

**Annex:**

**Contact Points and Contact Persons**

- For the Chinese Side:

Department of Supervision on Inspection, the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China

Contact person: Mr. Yuan Changxiang, Ms. Cao Yufang

Tel:+86-10-82261922, +86-10-82261938

Fax: +86-10-82260166

E-mail: caoyf@aqsiq.gov.cn

- For the Nepalese side:

Nepal Bureau of standard and Metrology

Contact person: Mr. Shree Krishna Shrestha

Tel: +977-1-4350818, 977-1-4350445

Fax:+977- 1-4350689

E-mail: skshrestha@nbsm.gov.np

**Memorandum of Understanding  
Between  
The Ministry of Commerce and Supplies, Government of Nepal  
And  
Government of Tibet Autonomous Region of  
The People's Republic of China  
On  
The Establishment of Nepal-China's Tibet Trade Facilitation Committee**

Ministry of Commerce and Supplies, Government of Nepal (hereinafter referred to as the Nepalese side), and the Government of Tibet Autonomous Region of the People's Republic of China (hereinafter referred to as the China-Tibet Side) jointly referred to as Contracting Parties, Recognizing the historical trade relationship existing between the two countries and furthered by the Trade and Payment Agreement signed on 22 November 1981 and the Agreement on Trade and Related matters between Nepal and the Tibet Autonomous Region of the People's Republic of China signed on 10 July 2002.

Considering the need for promoting bilateral trade for the mutual benefit of the two countries and desirous of developing Trade, Nepal-China Tibet Trade Facilitation Committee will be established, both sides have agreed as follows:

**1. Nepal-Tibet Trade Facilitation Committee:**

The Contracting Parties hereby agree to constitute an Inter Governmental Trade Facilitation Committee (hereinafter referred to as NTTFC) led by the Joint Secretary, Ministry of Commerce and Supplies, Government of Nepal on the Nepalese side, and the Secretary General, (Economic Affairs, Government of Tibet Autonomous Region, People's Republic of China) on the China-Tibet side. The NTTFC shall comprise the concerned senior government officials and border authorities of the Contracting Parties as per the requirements.

**2. Meeting of NTTFC:**

The meeting will be organized in Kathmandu and Lhasa in each alternate year. The first meeting of the NTTFC shall be held within six months of signing of this Memorandum of Understanding.

**3. Forms of Meeting:**

The meeting shall be carried out in two forms. One is the regular meeting of leading group of the NTTFC, the other is the Working Group meeting of two sides. The Working Group meeting shall comprise the representatives of relevant government Departments and concerned border authorities of the Contracting Parties as required. The Chief Custom Officer's of land custom station of the Nepalese side and the Chief Officer of the Port Office of the Government of Tibet Autonomous Region of the Chinese side will co-ordinate the meeting. The meeting will be held as and when required. The venue of the Working Group meeting will be at either side of the border post.

#### **4. Hospitality:**

The Contracting Parties agreed that the host side of the meeting shall provide local hospitality including accommodation and local transportation to the visiting delegation.

#### **5. Implementation of Decision:**

Leaders of the NTTFC of the two sides shall work together in close cooperation and be responsible for inter-governmental coordination on the trade matters and shall endeavor to implement the decisions of the meetings in their respective countries.

#### **6. Duties and Responsibilities of the NTTFC:**

The duties and responsibilities of the NTTFC shall be as follows:

- A. Take measures to facilitate the flow of trade, investment and other related matters of mutual interest; facilitate trade through simplification of procedures and documentation in customs, quarantine, transportation etc.
- B. Further promote bilateral trade and economic cooperation.
- C. Review progress of the implementation of the decisions taken at the preceding meeting.
- D. Discuss and take measures to resolve the issue referred by the working group.
- E. Propose and recommend to the respective government any matter of common interest for the facilitation and promotion of bilateral trade and economic cooperation.
7. The NTTFC office shall be located in the Department of Commerce of Tibet Autonomous Region and Ministry of Commerce and Supplies, Government of Nepal respectively, and responsible for regular contact.
8. Entry into Force, Duration and Termination:

This Memorandum of Understanding shall enter into force on the date of signing by the Contracting Parties, and remain in force for a period of five years. It shall be automatically extended for further periods of five years unless either of the Contracting Parties notifies the other in writing to terminate the Memorandum of Understanding at least six months before its expiration.

Done and signed in Shigatse on 2<sup>nd</sup> day of September 2009 in English language.

(Deng Xiao Gang)

Vice-Chairman

Government of Tibet Autonomous

Region of the People's Republic of China

(Purushottam Ojha)

Secretary

Ministry of Commerce and Supplies

Government of Nepal

Date 14 May 2010

H.E. Mr. Purushottam Ojha  
Secretary  
Ministry of Commerce and Supplies  
Government of Nepal  
Kathmandu

Your Excellency,

I have the honor to inform you that in order to promote the economic development of your country and to strengthen the economic and trade relations between our two countries, the Government of the People's Republic of China (hereinafter referred to as "China") has decided to phase in zero-tariff treatment to 95 percent of the products originated in your country and exported to China. Within 2010, 60 percent of the products will start to enjoy zero-tariff treatment (please refer to Annex I for the list of products concerned). The tariff rates of the imported goods listed in Annex I will be reduced to zero after the two sides complete the exchange of notes and the Chinese side fulfills the relevant domestic procedures.

The General Administration of Customs of China has amended the rules of origin and related procedures on goods eligible for the Special Preferential Tariff (please refer to Annex II), which are ready for the confirmation by the relevant authorities of your government.

After the special preferential tariff treatment is implemented, where one of the products on the list is being imported into China in such increased quantities as to cause or threaten to cause serious injury to the domestic industry that produces like or directly competitive products of China, the Government of China shall be free to suspend the special preferential tariff treatment of the product in question and will enter into consultations with your country with a view to seeking mutually satisfactory solution.

If Your Excellency could confirm it with a letter of reply, this letter, together with Annex I, II and your reply shall constitute an agreement between our two governments.

Please accept, Your Excellency, the assurances of our highest consideration.

**Qiu Guohong  
Ambassador Extraordinary and  
Plenipotentiary of the  
People's Republic of China to Nepal**



Date 14 May 2010

H.E. Mr. Qiu Guohong  
Ambassador Extraordinary and Plenipotentiary of the  
People's Republic of China to Nepal

Your Excellency,

I write to acknowledge the receipt of your letter of to-day's date, which reads as follows:

"I have the honor to inform you that in order to promote the economic development of your country and to strengthen the economic and trade relations between our two countries, the Government of the People's Republic of China (hereinafter referred to as "China") has decided to phase in zero-tariff treatment to 95 percent of the products originated in your country and exported to China. Within 2010, 60 percent of the products will start to enjoy zero-tariff treatment (please refer to Annex I for the list of products concerned). The tariff rates of the imported goods listed in Annex I will be reduced to zero after the two sides complete the exchange of notes and the Chinese side fulfills the relevant domestic procedures.

The General Administration of Customs of China has amended the rules of origin and related procedures on goods eligible for the Special Preferential Tariff (please refer to Annex II), which are ready for the confirmation by the relevant authorities of your government.

After the special preferential tariff treatment is implemented, where one of the products on the list is being imported into China in such increased quantities as to cause or threaten to cause serious injury to the domestic industry that produces like or directly competitive products of China, the Government of China shall be free to suspend the special preferential tariff treatment of the product in question and will enter into consultations with your country with a view to seeking mutually satisfactory solution.

If Your Excellency could confirm it with a letter of reply, this letter, together with Annex I, II and your reply shall constitute an agreement between our two governments".

I confirm that the foregoing correctly sets out the understanding reached between our two Governments.

Please accept, Excellency, the assurances of my highest consideration.

**Purushottam Ojha**  
**Secretary**  
**Ministry of Commerce and Supplies**  
**Government of Nepal**  
**Kathmandu**

**Note:** The list of products under zero-tariff is available at [www.mocs.gov.np](http://www.mocs.gov.np)

## Annex 2

### **Rules of Origin and Related Procedures on Goods Eligible for Duty-free Treatment**

#### **Section I: Rules of Origin**

##### **Rule 1**

In accordance with the Official Letters (hereinafter referred to as “Exchange Letters”) exchanged between the governments of the People’s Republic of China (hereinafter referred to as “China”) and the Beneficiary Country on the goods exported from the Beneficiary Country under the Duty-free Treatment, these rules shall be applied in determining the origin of the goods claimed for Duty-free Treatment.

##### **Rule 2**

For the purpose of these rules,

**“Beneficiary Country”** means the country or region with which China has signed the Exchange Letters under the Duty-free Treatment.

**“Originating Materials”** means goods which qualify as originating in compliance with the provisions of the rules of origin in this Section and which are used in the production of another good.

**“Materials”** means goods which are used in the production of another good, including any assembly, ingredients, raw materials, parts or components.

**“Production”** means methods of obtaining goods, including growing, raising, extracting, picking, collecting, mining, harvesting, fishing, trapping, hunting, manufacturing, processing or assembling of a good.

**“Customs Valuation Agreement”** means the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994, which is part of the Marrakesh Agreement Establishing the World Trade Organization.

**“Harmonized System (HS)”** means the Harmonized Commodity Description and Coding System of the World Customs Organization.

**“Ports of entry in China”** refers to a port where Customs Law of China is applicable, i.e. excluding those located in Hong Kong, Macao Special Administrative Regions and Taiwan area.

##### **Rule 3**

The origin of goods included in the list of product eligible for Duty-free Treatment, imported directly to China from the beneficiary country, shall be determined in accordance with the following criteria:

- (a) Goods wholly obtained or produced entirely in the beneficiary country shall be regarded as originating in that country.
- (b) Goods not wholly obtained or produced entirely in the beneficiary country shall be regarded as originating provided that the last substantial transformation has been performed in that country.

#### **Rule 4**

For the purpose of Rule 3(a) in this Section, “goods wholly obtained or produced entirely in the beneficiary country” refers to:

- (a) live animals born and raised in the beneficiary country;
- (b) goods obtained in the beneficiary country from the animals specified in paragraph (a) above;
- (c) plants and plant products harvested, picked or collected in the beneficiary country;
- (d) goods obtained by hunting or fishing in the beneficiary country;
- (e) fish, shellfish and other marine life taken outside the territorial waters by vessels registered or recorded in the beneficiary country and entitled to fly the flag of that country ;
- (f) goods obtained from the processing of goods listed in paragraph (e) above on board a factory ship registered or recorded in the beneficiary country and entitled to fly the flag of that country;
- (g) minerals and other naturally occurring substances extracted in the beneficiary country or goods, exclusive of fish, shellfish and other marine life, taken or extracted from the waters, seabed or subsoil beneath the seabed outside the territorial waters of the beneficiary country, provided that the beneficiary country has the right to exploit such waters, seabed or subsoil beneath the seabed.
- (h) used goods collected in the beneficiary country which are produced from consumption in that country and fit only for the recovery of raw materials;
- (i) waste and scrap which are produced from processing or manufacturing operations in the beneficiary country and fit only for the recovery of raw materials;
- (j) goods obtained through processing in the beneficiary country of goods set out in paragraphs (a) to (i) above.

#### **Rule 5**

The criterion for “substantial transformation” under Rule 3 (b) in this Section shall be “ad valorem percentage” (the ad valorem percentage shall be no less than 40%), or “Change in Tariff Classification” (four-digit tariff heading changes under the “Harmonized System”). Whereas the goods listed in the “Product Specific Rules” (PSR) are not subject to the said criterion.

The Product Specific Rules are to be otherwise promulgated by the General Administration of Customs of China.

The “ad valorem percentage” shall be calculated on the basis of the following formula:

$$\text{ad valorem percentage} = \frac{\text{FOB} - \text{Value of the Non-originating Materials}}{\text{FOB}} \times 100\%$$

where:

**FOB** means the value of the good free on board, independent of the types of means of

transportation, at the port or site of final shipment abroad;

**The “value of the non -originating materials”** shall be the cost of importation, the freight and insurance for transportation to the destination port or place of the non-originating materials of the beneficiary country (CIF). The value of materials of undetermined origin shall be taken into account as that of the non-originating materials, according to the earliest ascertainable price paid or payable for the non-originating materials in the territory of the beneficiary country. When the producer of a good acquires materials of undetermined origin within the territory of the beneficiary country, the value of such materials shall not include freight, insurance, packing costs and any other costs incurred in transporting the materials from the supplier's warehouse to the producer's location.

The values referred to above shall be determined pursuant to the Customs Valuation Agreement.

#### **Rule 6**

Minimal operations or processes listed below, either by themselves or in combination, do not confer origin. These include:

- (a) operations or processes for preservation of goods during transport or storage;
- (b) operations or processes for ease of unloading and reloading of the goods;
- (c) operations or processes such as packing or presenting for sale of the goods.
- (d) slaughter of animals.

#### **Rule 7**

Simple diluting, mixing, packaging, bottling, drying, assembling, sorting or decorating shall not be regarded as substantial transformation.

Any production or pricing practices undertaken by the commercial operator with the intent to circumvent the legal provisions of the Rules shall not be regarded as substantial transformation.

#### **Rule 8**

Sets, as defined in General Rule 3 of the Harmonized System, shall be regarded as originating when all the components of the sets are originating. Nevertheless, when a set is composed of originating and non-originating products, the set as a whole shall be regarded as originating, provided that the value of the non-originating products does not exceed 15% of the total value of the set, determined pursuant to Rule 5 in this Section.

#### **Rule 9**

In determining the origin of a good, materials or articles used in the production of the good, but not physically incorporated into the good, nor compounded of the good do not confer origin. These include:

- (a) fuel, energy, catalysts and solvents;
- (b) equipment, devices and supplies used for testing or inspecting the goods;

- (c) gloves, glasses, footwear, clothing, safety equipment and supplies;
- (d) tools, dies and moulds;
- (e) spare parts and materials used in the maintenance of equipment and buildings;
- (f) lubricants, greases, compounding materials and other materials used in production or used to operate equipment and maintain buildings;
- (g) any other goods that are not incorporated into the good but whose use in the production of the good can reasonably be demonstrated to be a part of that production.

#### **Rule10**

If the goods are subject to a change in tariff classification criterion, the origin of the package, packaging materials and containers presented with the goods for customs declaration and classified with the goods under the Harmonized System and parts, spare parts, tools and explanatory materials equipped customary with the goods shall be disregarded in determining the origin of the good.

If the goods are subject to “ad valorem percentage” criterion, the value of the package, packaging materials and containers presented with the goods for customs declaration and classified with the goods under the Harmonized System and parts, spare parts, tools and explanatory materials equipped customary with the goods shall be taken into account in calculating the ad valorem percentage of the goods.

#### **Rule 11**

Goods claimed to be eligible for the Duty-free Treatment shall comply with the following direct consignment rule:

- (a) goods are transported directly from the beneficiary country to ports of entry in China;
- (b) For goods which are transported to China through a third country or region, for geographical reasons or by consideration related exclusively to transportation, with or without transhipment or temporary storage of up to 3 months in such country or region:
  - (i) the goods do not enter into trade or consumption there; and
  - (ii) the goods do not undergo any operation there other than unloading and reloading or any other operation required to keep them in good condition.
- (c) the goods which are put in a temporary storage in a third country or region shall be subject to customs control in such country or region.

## **Section II: Operational Procedures Related to Origin**

### **Rule 12**

In order for originating goods from the beneficiary country to be eligible for duty-free treatment, the exporting beneficiary country shall designate any government authority or other entity authorized under the domestic legislation of that country (hereinafter referred to as "authorized body") to issue a Certificate of Origin (format is attached as Appendix);

The authorized body shall issue the certificate of origin before or at the time of exportation of the goods. A Certificate of Origin shall remain valid for one year from the date of its issuance.

A Certificate of Origin shall comprise one original and three carbon copies, inclusive of duplicate, triplicate and quadruplicate. The duplicate shall be retained by China Customs for verification as necessary. The triplicate shall be retained by the authorized body in the exporting beneficiary country for record. The quadruplicate shall be retained by the exporter.

Before the exportation to China of the goods that qualify for duty-free treatment, the exporter shall make a written request to the authorized body of the beneficiary country applying for the issuance of a Certificate of Origin. A Certificate of Origin shall be completed in English as required and contain a unique certificate number, covering one or more goods under one consignment.

In the event of theft, loss or damage of a Certificate of Origin, based on the quadruplicate of the certificate of origin, the exporter may make a written request to the authorized body of the beneficiary country for issuing a certified copy of the original certificate within the validity period of the original certificate, provided that the exporter makes sure that the original copy previously issued has not been used. The certified copy shall bear the words "CERTIFIED TRUE COPY of the original Certificate of Origin number \_\_\_ dated \_\_\_" in the "Remarks" column and shall remain valid from the issuing date of the original copy. If the original copy has been used, the certified copy shall be invalid and vice versa.

The Certificates of Origin prescribed in this section shall be printed by the General Administration of Customs of China.

### **Rule 13**

The name, as well as correspondence address, email and official stamps used for issuing the certificates of origin of the authorized bodies in the beneficiary country shall be provided to the General Administration of Customs of China through the Economic and Commercial Counsellor's Office of the Embassy of China in the beneficiary country for record purpose. The authorized bodies and any change thereof shall be informed immediately to the Economic and Commercial Counsellor's Office of the Embassy of China in the beneficiary country.

### **Rule 14**

At the exportation of goods entitled to duty -free treatment, the customs authorities of the exporting country shall endorse and stamp on the certificate of origin to prove that the goods declared for exportation correspond to what is stated in the certificates.

### **Rule 15**

When presenting a customs declaration at the time of importation of the goods eligible for Duty-free treatment, the importer must take the initiative to make a declaration to the customs that the goods qualify under the Duty-free Treatment and submit the following documentation:

- (a) the valid original copy of the certificate of origin bearing the stamp of customs and the duplicate copy issued by the authorized body of the beneficiary country of export.

When the importer did not submit the original copy, nor the duplicate copy to the customs, the importer shall make a supplementary declaration to the customs on whether the goods qualify as originating goods, in accordance with the Regulations Governing the Administration of Preferential Rules Origin for Imported and Exported Goods of China Customs.

- (b) The original commercial invoice of the goods.

When the imported goods are transported through the territory of a third country or region to ports of entry in China, the importer shall submit the Through Bill of Lading issued by the beneficiary country as well as the supporting documents proving that Rule 11 is satisfied; When the beneficiary country is an inland country, since the transport of goods has to depart from a third country or region, the importer shall submit the Through Bill of Lading issued in the third country or region where the combined international transport was initiated.

In case the goods are temporarily stored in a third country or region, the importer shall submit supporting documents provided by the customs in the third country or region, to prove that Rule 11 is satisfied.

### **Rule 16**

When the importer makes a supplementary declaration to the customs that the good qualifies as an originating good pursuant to Rule 15, the customs may, according to the application of the importer, release the goods upon payment of a guarantee that is equivalent to the amount of duties and taxes to be liable based on the MFN tariff rate (most favored nation tariff rate), general tariff rate or any other tariff rates as applicable to the goods.

### **Rule 17**

The importer may apply to the customs for a refund of the guarantee paid within one year from the date the guarantee was provided, provided that:

- (a) a supplementary declaration that the good qualifies as an originating good has been made to China Customs at the time of importation, stating that the good is subject to the Duty-Free Treatment ; and
- (b) a valid Certificate of Origin and other related documents have been submitted to the customs.

In the event where the importer does not apply to the customs for a refund of the guarantee within one year from the date the guarantee was provided, the guarantee will be converted into import duties and taxes and can not be refunded.

**Rule 18**

Whereas suspicion arises as to the authenticity and validity of a certificate of origin, the General Administration of Customs of China or its authorized offices shall initiate a request for verification either by themselves or through the Economic and Commercial Counselor's Office of the Embassy of China in the beneficiary country. The customs authorities or the authorized bodies of the beneficiary country shall collaborate by responding to China Customs within 180 days from the date such a request is received. In case China Customs fails to receive the response within the said period, the duty-free treatment shall not be granted to the goods concerned.

When deemed necessary and subject to the consent of the beneficiary country concerned, officials from China Customs may conduct on-site verification visits to the beneficiary country.

**Rule 19**

China Customs and the customs administrations of the beneficiary countries shall enhance cooperation on exchange of information and assistance in verification in relation to the enforcement of these Rules.

**Rule 20**

The Parties shall maintain the confidentiality of the relevant confidential information acquired pursuant to these Rules. Any violation of confidentiality shall be treated in accordance with the domestic legislation of each Party.

In the absence of consent from the individuals or the authorities which provided the above information, the said information shall not be disclosed, unless it is required by judicial proceedings.

**Rule 21**

The Rules are subject to a periodic review of the General Administration of Customs of China. In case there is any modification of the Rules, it will be notified to the relevant country in the form of "Exchange Letters" 60 (sixty) days before the said modification becomes effective.

**Rule 22**

The General Administration of Customs of China is responsible for the interpretation of these Rules.

**Rule 23**

The Rules shall come into effect on .....

**appendix? Original**

| 1. Exporter (full name, address and country):  |                                  |  |                      | Certificate No.: _____  |  |   |
|--|----------------------------------|--|----------------------|---|--|---|
| 2. Producer's name and address, if known:  |                                  |  |                      | <b>CERTIFICATE OF ORIGIN</b><br><b>DUTY-FREE TREATMENT</b><br><b>Granted by China</b><br><b>(Combined Declaration and Certificate)</b><br>Issued in _____ ( See<br>Instruction Overleaf ) |  |   |
| 3. Consignee (full name, address and country):   |                                  |  |                      | For official use only: _____  |  |   |
| 4. Means of transport and route (as far as known)<br>Departure date<br>Vessel /Flight/Train/Vehicle No.<br>Port of loading<br>Port of discharge  |                                  |  |                      | 5. Remarks  |  |   |
| 6. Item number   | 7. Marks and numbers on packages | 8. Number and kind of packages; Description of goods | 9. HS Code (6-digit) | 10. Origin Criterion  | 11. Gross weight, quantity (quantity unit) or other measures (litres, m <sup>3</sup> ,etc) | 12. Number, date of invoice and invoiced value  |
|  |                                  |  |                      |   |  |   |
| 13. Declaration by the exporter The undersigned hereby declares that the above details and statements are correct, that all the goods were produced in .....<br><br>(country) and that they comply with the origin requirements specified for these goods under the Duty-Free Treatment exported to China. |                                  |  |                      | 14. Certification It is hereby certified, on the basis of control carried out, that the declaration by the exporter is correct.   |  | 15. Customs verification This is to certify that the goods declared for exportation correspond to what is stated under this certificate |
| Place and date, signature of authority signatory.  |                                  |  |                      | Place and date, signature and stamp of issuing body.  |  | Place, date, signature and stamp of exporting customs authority.  |

## **Overleaf Instruction**

Certificate No.: Serial number of Certificate of Origin assigned by the issuing body.

Box 1:

State the full legal name, address (including country) of the exporter and the exporter should be in the beneficiary country.

Box 2:

State the full legal name, address (including country) of the producer and the producer should be in the beneficial country. If more than one producer's good is included in the certificate, list the additional producers, including name, address (including country). If the exporter or the producer wishes the information to be confidential, it is acceptable to state "Available to the authorized body upon request". If the producer and the exporter are the same, please complete field with "SAME". If the producer is unknown, it is acceptable to state "UNKNOWN".

Box 3:

State the full legal name, address (including country) of the consignee, and the consignee should be in the customs territory of China.

Box 4:

Complete the means of transport and route and specify the departure date, transport vehicle No., port of loading and discharge.

Box 5:

Any additional information such as Customer's Order Number, Letter of Credit Number, etc. may be included.

Box 6:

State the item number.

Box 7:

State the shipping marks and numbers on the packages.

Box 8:

Number and kind of package shall be specified. Provide a full description of each good. The description should be sufficiently detailed to enable the products to be identified by the Customs Officers examining them and relate it to the invoice description and to the HS description of the good. If goods are not packed, state "in bulk". When the description of the goods is finished, add "\*\*\*" (three stars) or "\ " (finishing slash).

Box 9:

For each good described in Box 9, identify the HS tariff classification of China to six digits.

**Box 10:**

If the goods qualify under the Rules of Origin, the exporter must indicate in Box 10 of this form the origin criteria on the basis of which he claims that his goods qualify for preferential tariff treatment, in the manner shown in the following table:

|   |                                    |
|---|------------------------------------|
| The origin criteria on the basis of which the exporter claims that his goods qualify for Duty-Free Treatment          | Insert in Box 10                   |
| The good is wholly obtained or produced in the territory of the beneficiary country as set out and defined in Rule 4. | WO                                 |
| When the good is subject to "ad valorem percentage" no less than 40% of CTH.  | CTH or Ad Valorem Percentage (40%) |
| When the good is subject to a requirement stipulated in PSR, indicate the specified criteria.                         | Criterion as specified in PSR.     |

**Box 11:**

Gross weight in kilograms should be shown here. Other units of measurement e.g. volume or number of items which would indicate exact quantities may be used when customary.

**Box 12:**

Invoice number, date of invoices and invoiced value should be shown here.

**Box 13:**

The field must be completed, signed and dated by the exporter for exports from the beneficiary country.

**Box 14:**

The field must be completed, signed, dated and stamped by the issuing body.

**Box 15:**

The field must be completed, signed, dated and stamped by the Customs authority of the beneficiary country.

In case where there is not enough space on the first page of a Certificate of Origin for multiple lines of goods, additional pages can be used. The Certificate number will be the same as that shown on the first page. The main characteristics including box 6 to box 15 will be presented, together with the stamp of the issuing body and the Customs authority of the beneficiary country.

**TRADE AND PAYMENTS AGREEMENTS BETWEEN HIS MAJESTY'S  
GOVERNMENT OF NEPAL  
AND  
THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH**

His Majesty's Government of Nepal and the Government of the people's Republic of Bangladesh (hereinafter referred to as the "Contracting Parties").

Being conscious of the need to promote and strengthen the trade and economic co-operation on the basis of equality and mutual benefit.

Being desirous of facilitating movements of goods to and from their respective countries, have agreed as follows:

**Article I**

The Contracting Parties shall take all measures necessary for developing trade between the two countries and agree to promote exchange of goods which one country needs from the other.

**Article II**

The two Contracting parties shall accord each other the most favoured nation treatment in respect of issue of licenses, customs formalities, customs duties and other taxes, storage and handling charges, fees and charges of any kind levied on export and import of goods to be exchanged between the two countries.

**Article III**

The provision of article II shall not, apply to the grant or continuance of any:

- a. Advantage accorded by either Contracting Party to facilitate the border trade
- b. Preferences or advantages accorded by either Contracting Party to any third country before the date entry into force of this Agreement,
- c. Advantages resulting from any Custom union or from an Agreement on free trade zone or from regional or multilateral arrangements to which either Contracting Party is or may be the member.

**Article IV**

The two Contracting Parties shall conduct the exchange of goods in accordance with the schedules A and B annexed to this Agreement and within the framework of their respective laws, regulation and procedures relating to import and export of goods. This shall not, however, preclude the Contracting Parties to conduct the exchange of goods not enumerated in the said schedules.

**Article V**

Notwithstanding the foregoing provisions, either Contracting Party may maintain or introduce such restrictions as are necessary for the purpose of:

- a. Protecting public morals
- b. Protecting human, animal and plant life.
- c. Safeguarding national treasures.
- d. Safeguarding the implementation of laws relating to the import and export of gold and silver bullion.
- e. Safeguarding such other interests as may be mutually agreed upon.

### **Article VI**

All payments in connection with exportation or importation of goods as well as other payments shall be effected in any convertible currency unless otherwise agreed upon.

### **Article VII**

The exchange of goods between the Contracting Parties shall take place through the means of transportation and routes as may be mutually agreed upon.

### **Article VIII**

For facilitation the movement of goods, the two Contracting parties agree to provide necessary number and means of transportation, warehousing and handling facilities at point or points of entry, exit or breakpoints, on such terms as may be mutually agreed upon for the storage and speedy movement of trade cargo.

### **Article IX**

The movement of goods between the two Contracting parties shall be governed by the procedures as laid down in the protocol hereto annexed. Except in case of failure to comply with the prescribed procedure goods to be exported to or imported from either Contracting Party shall not be subject to unnecessary delays or restriction.

### **Article X**

The Contracting Parties shall consult with each other as and when necessary and also review the implementation of this Agreement.

For this purpose, representatives of the Contracting parties shall meet on request by either Party at a place and time to be mutually agreed upon but not later than sixty days after the date of request.

### **Article XI**

This Agreement shall come into force from the date of its signing and shall remain valid for a period of three years. Thereafter, it shall continue remain valid for further periods of three years subject to such modifications as may be mutually agreed upon, unless terminated by either Party by giving six months notice in writing to the other before the expiry of the extended period.

Done in Kathmandu on Twentieth day of Chaitra, Two Thousand Thirty-two Bikram Sambat corresponding to April Second, One Thousand Nine hundred and Seventy six in two original copies in English language.

On behalf of  
His Majesty's Government of  
Nepal  
S/d  
(Dr. Harka Bahadur Gurung)

On behalf of  
The Government of the People's  
Republic of Bangladesh  
S/d  
(Dr. Mirza Nurul Huda)

**SCHEDEULE "A"**

| <b>Exports from Nepal to Bangladesh</b> |
|---|
| <b>A. Primary Commodities</b>           |
| 1. Rice, Wheat and other cereals        |
| 2. Pulses                               |
| 3. Mustard seeds and oil                |
| 4. Other oilseeds and oilcakes          |
| 5. Timber and Wood products             |
| 6. Boulders and Shingles                |
| 7. Catechu                              |
| 8. Bidi and Tobacco [Image]             |
| 9. Big cardamom, ginger and chilies     |
| 10. Medicinal plants and herbs          |
| 11. Wool                                |
| 12. Bristles                            |
| 13. Cheese and ghee                     |
| 14. Strawboard                          |
| 15. Synthetic textiles                  |
| 16. Stainless steel utensils            |
| 17. Woolen carpets                      |
| 18. Curios and Handicrafts              |

**SCHEDULE "B"**

| <b>Exports from Bangladesh to Nepal</b>   |
|---|
| <b>A. Primary Commodities</b>   |
| 1. Raw Cotton   |
| 2. Tea  |
| 3. Fish-fresh, dried and salted   |
| <b>B. Semi-manufactures and manufactures</b>  |
| 1. Cotton threads and textiles  |
| 2. Hosiery goods  |
| 3. Specialized textile and handlooms products such as bed cover, pillowcases, bed sheets etc. |
| 4. Brass and copper sheets  |
| 5. Newsprint  |
| 6. Paper and paper board  |
| 7. Pharmaceuticals  |
| 8. Chemical   |
| 9. Soaps and cosmetics  |
| 10. Ware and cable  |
| 11. Electric goods and batteries  |
| 12. Tents and canvass   |
| 13. Cycle tire and tubes  |
| 14. Coir products   |
| 15. Jute Carpets  |
| 16. Feature films   |
| 17. Fertilizers and insecticides  |

**PROTOCOL TO THE TRADE AND PAYMENTS AGREEMENTS  
BETWEEN  
HIS MAJESTY'S GOVERNMENT OF NEPAL  
AND  
THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH**

**With reference to Article VII and IX**

With regard to the points of entry, exit procedures, storage and other related facilities for bilateral trade between Nepal and Bangladesh the points of entry, exit, procedure and facilities stipulated in the Protocol to the Transit Agreement signed between His Majesty's Government of Nepal and Government of the People's Republic of Bangladesh for Nepal's trade with third countries shall apply mutatis mutandis.

**TRANSIT AGREEMENT  
BETWEEN  
HIS MAJESTY'S GOVERNMENT OF NEPAL  
AND  
THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF  
BANGLADESH**

His Majesty's Government of Nepal and the Government of People's Republic of Bangladesh (hereinafter referred to as the "Contracting Parties").

Being desirous of promoting the trade between their two countries and facilitating the transit of trade with third countries.

**Article I**

The Contracting Parties shall accord to "traffic-in-transit" Freedom of transit across their respective territories through routes mutually agreed upon.

**Article II**

The term "traffic -in-transit" means the passage of goods including unaccompanied baggage across the territory of a Contracting Party when the passage in a portion of a complete journey which begins or terminates within the territory of the other contracting Party. The transshipment warehousing, breaking bulk and change in the mode of transport of such goods as well as the assembly, disassembly or reassembly of machinery and bulky goods shall not render the passage of goods outside the definition of "traffic-in-transit" provided any such operation is undertaken within the framework of mutually agreed procedure solely for the convenience of transportation.

**Article III**

Traffic -in-transit shall be exempt from customs duty and from all transit duties or other charges except reasonable charges for transportation and such other charges as are commensurate with the costs of services rendered in respect of such transit.

**Article IV**

For the convenience of traffic in transit Government of the People's Republic of Bangladesh agrees to provide the points of entry, exit or breakpoints as well as storage and port facilities including warehouses or transit sheds for the speedy movement of the transit cargo on such terms as may be mutually agreed upon.

**Article V**

The procedure to be followed for traffic -in-transit to or from third countries is laid down in the protocol hereto annexed. Except in case of failure to comply with the procedure prescribed such traffic -in transit shall not be subject to avoidable delays or restrictions.

**Article VI**

In order to enjoy the freedom of the High Seas, merchant ships sailing under the flag of Nepal shall be accorded, subject to Bangladesh laws and regulations, treatment no less favourable than that accorded to ships of any other foreign country in respect of matters relating to navigation, entry into and departure from the ports, use of ports and harbour facilities, as well as loading and unloading dues, taxes and other levies, except that provisions of this Article shall not extend to coastal trade.

### **Article VII**

Nothing in this agreement shall prevent either Contracting Party from taking any measure which may be necessary for the protection of its essential security interests or in pursuance of general international convention, whether already in existence or concluded hereafter, to which it is a party.

### **Article VIII**

The Contracting Parties shall take appropriate measures to ensure that the provisions of this Agreement are effectively and harmoniously implemented and to consult with each other periodically so that such difficulties as may arise in its implementation are resolved satisfactorily and speedily.

### **Article IX**

This Agreement shall come into force from the date of its signing and shall remain valid for a period of five years. Thereafter, it shall continue to remain valid for further periods of five years subjected to such modifications as may be mutually agreed upon, unless terminated by either Party by giving six months notice in writing to the other before the expiry of the extended period.

Done in Kathmandu on twentieth day of Chaitra two thousand thirty two Bikram Sambat corresponding to April second, one thousand nine hundred and seventy six in two original copies in English language.

On behalf of His Majesty's Government  
of Nepal

S/D  
(Dr. Harka Bahadur Gurung)

On behalf of The Government of the People's  
Republic of Bangladesh

S/D  
(Dr. Mirza Nurul)

**PROTOCOL TO THE TRANSIT AGREEMENT  
BETWEEN  
HIS MAJESTY'S GOVERNMENT OF NEPAL  
AND  
THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF  
BANGLADESH**

**I. With reference to Article I:**

1. It is agreed that the Government of the People's Republic of Bangladesh shall designate the following points of entry and exit for movement of traffic -in-transit through her ports and other territory, by all means transportation:

- a. Khulna-Chalna Port
- b. Chitagong Port
- c. Biral
- d. Banglabandh
- e. Chilhati
- f. Benapole

**II. With reference to Article IV:**

1. The Government of the people's Republic of Bangladesh agrees to provide warehouses, transit sheds and open space at the ports and other agreed points of entry and exit referred to in clause I above for the storage, handling and breaking bulk of traffic-in-transit.
2. The above mentioned warehouses, transit sheds and open space shall be given on long term lease by the Government of the People's Republic of Bangladesh to His Majesty's Government of Nepal on such terms and conditions as may be mutually agreed upon.
3. With regard to the points of entry and exit in Nepal for her trade with third countries through Bangladesh, His Majesty's Government of Nepal agrees to authorize all such points which she has been using to conduct her trade with third countries through India.
4. The Truck and other vehicles owned or hired by the owner of goods or his agent shall be allowed to carry the traffic-in-transit, other than those mutually agreed prohibited cargo, by road from the agreed point of entry to a port, transshipment or breaking point in Bangladesh and back.
5. The port facilities such as the free period of storage, port charges and clearance procedures in respect of traffic-in-transit at the port of Bangladesh shall not be less favorable than the prevailing rates and practices therein.
6. Transit Liaison Officers from Nepal shall be stationed, if necessary, at the major ports of Bangladesh for the convenience of the traffic-in-transit and to facilitate the smooth and speedy movement of traffic -in-transit.

**III. With reference to Article V:**

- A. Customs and other procedures in respect of goods entering Bangladesh for transit to Nepal by land.
  1. On arrival of goods in Bangladesh the owner of the goods or his agent shall at the time of entering them at the Customs House:

- a. Declare that the goods are intended for transit to Nepal;
  - b. Furnish in six copies the invoice of the goods as declared in prescribed form specifying therein the mode of transport and the exit point through which the goods are intended to be taken out of Bangladesh territory.
  - c. On receipt of the invoice, the Bangladesh Customs shall allow the onward movement of the goods to Nepal after the necessary notings. The Bangladesh Customs shall retain the original copy of the invoice and return the remaining five copies, duly certified by them, to the owner of the goods or his agent.
  - d. The goods while transit shall not be subjected to the domestic laws of People's Republic of Bangladesh including customs duty, sales taxes and other local taxes or charges to the extent admissible under International law and practices in this regard. However, in case of any loss of the goods in transit, the Bangladesh Customs shall recover the customs duty and sales taxes from the carrier of the goods and may also take penal measures against the carrier where negligence or malafide intention is proved.
  - e. The owner of the goods or his agent shall present the five certified copies of the invoice to a Customs Inspector In-charge of the jetty where the goods have been landed from the importing vessels. The Customs Inspector-In-Charge will identify the packages and allow the goods to be loaded under his supervision in railway wagons or trucks as the case may be. In case of railway transport, the wagons made available for the carriage of good in transit shall be sealed by the Customs and railway authorities. In case of road transport, the tarpaulin-covered trucks shall be sealed by the Customs authorities. Where heavy article such as machinery, iron and steel etc. are carried in open wagons or truck sealing may be dispensed with.
  - f. If the Customs Inspector In-charge finds any package damaged, the content will be surveyed in the presence of the owner of the goods or his agent and the goods will be released for loading on trucks or railway wagons after the customs sealing of such packages. The damages or short landings will be noted in all the certified copies of invoices presented to the Customs Inspector In-charge.
2. Once the goods are loaded on railway wagons or trucks, the Customs Officer In-charge shall initial and return the five copies of the invoice to the owner of the goods or his agent who, in turn, would present them to the railway authorities or to the transport carrier operating the trucks as the case may be. The railway authorities or the transport carrier operating the trucks will make necessary endorsement in all the copies of the invoice in token of receipt of the goods. The duplicate and triplicate copies shall be carried in sealed cover by the guard of the train or the driver of the truck to be submitted to a Customs Officer at the point of exit. The remaining three copies shall be handed over to the owner of goods or his agent.
3. On arrival of the goods at the point of exit the customs authorities shall receive the sealed cover containing duplicate and triplicate copies from the guard of the train or driver of the trucks as well as the three copies of the invoice from the owner of the goods or his agent.

The customs authorities shall check the customs seal on railway wagon or the truck on which the goods have been transported but where sealing has been dispensed with, check the identity of the goods. If customs seal are found intact. The wagons or truck will be cleared for onward journey beyond Bangladesh. Necessary entries shall be made in the five copies of the invoice by the customs authorities.

4. When the transit procedure is completed the customs authorities shall retain the quadruplicate of the invoice for its record and shall send back the triplicate copy by registered post to the Customs House at the point of entry.

The Duplicate copy as well as he remaining two copies of the invoice shall be handed back after the necessary endorsement to the owner of the goods or his agent in order to facilitate the further movement of the transit goods to Nepal.

5. If there is transshipment en-route or change in the mode of transport e.g. rail to road or vice versa the seals on the wagons or trucks will be checked by the Customs Inspector and if found intact he will allow the transshipment in his presence. The wagons or trucks will be resealed and cleared for journey.
6. All the transshipment en-route or change in the mode of transport or during transit of goods by wagons or trucks if customs seals are not found intact physical examination of the entire broken or damaged cargo will be done and result recorded in the duplicate and triplicate copies carried by the guard of the train or driver of the truck under sealed cover. The goods will be allowed to move towards the point of exit only after resealing.
7. At the point of exit, in case any goods in transit are found in excess or short over the recorded quantity at the point of entry or transhipment or break points these goods shall be allowed to proceed further after necessary modification or remarks are made in all the copies of the invoice provided the customs seals are found intact.

In case the customs seals on wagons or trucks are found not intact at the points of exit, physical verification of the entire broken and damaged cargo shall be done and survey recorded in all the five copies of the invoice. Thereafter the goods shall be allowed to proceed further after resealing of the wagons or trucks.

- B. Procedure in respect of goods from Nepal moving by land through Bangladesh in transit to third country.

The provisions of Part III A above shall apply mutatis mutandis to goods arriving by land from Nepal and meant for onward transmission through Bangladesh to a third country.

- C. Procedure in respect of goods entering Bangladesh for onward transmission to Nepal by air.

Where goods routed through Bangladesh to Nepal by air arrive at a customs airport for onward transmission such goods shall be transshipped to another aircraft under customs supervision. The owner of the goods or his agent shall not be required to comply with any further customs formalities other than those normally applicable in such cases.

1. Goods arriving in Bangladesh by land or by sea and meant for onward transmission to Nepal by air shall be forwarded from the place of entry to the airport of exit in accordance with the procedure set out in section A above. The requirement of sealing the railway wagons or trucks may be dispensed with in the case of such cargo subject to the condition that the individual packages are sealed with customs seals and moved from one mode of transport to another under customs supervision.

- D. Procedure in respect of goods entering Bangladesh by air from Nepal for onward transmission to a third country. The provisions of part (c) above shall apply mutatis mutandis to goods entering Bangladesh by air from Nepal for onward transmission to a third country.
- E. Procedure in respect of goods entering or leaving Bangladesh by Post Parcel or Railway Parcel.  
The provisions of Part (c) and Part (d) above shall apply mutatis mutandis to transit goods entering or leaving Bangladesh by Post parcel or Railway Parcel or of Small Cargo Booking, for outwards transmission to third country or to Nepal.
- F. Procedure in respect of payment for traffic-in-transit.  
The procedures regulating to the payments in connection with the movement and port clearance of transit goods in Bangladesh may be mutually determined by the Central Banks of the two Countries, if necessary.

**TRANSIT DECLARATION****INVOICE (EXPORT)**

| Exporter's Agent (Name & Address) |                                  | Bangladesh Customs office of entry. |              |       |
|-----------------------------------|----------------------------------|-------------------------------------|--------------|-------|
| Exporter's (Name & Address)       |                                  | Country of Origin.                  |              |       |
| Other details, if necessary:      |                                  | Country to which consigned.         |              |       |
|                                   |                                  | Mode of transport                   | Port of exit |       |
| Mark &<br>Serial Nos.<br>of Pkgs. | No. &<br>Description of<br>Pkgs. | Description of goods                | Quantity     | Value |
|                                   |                                  |                                     |              |       |

**Declaration**

Endorsement by Bangladesh  
Customs Office of entry

---

I/We declare that the goods entered herein are  
for export from Nepal to third countries.

Endorsement by the carriers

---

"I/We declare that all the entries made above  
are true and correct to the best of my/our  
Knowledge and belief,"

Endorsements

Date & Signature

**TRANSIT DECLARATION**  
**INVOICE (IMPORT)**

| Importer's Agent (Name & Address) |                                  |                         | Country of Consignment      |       |
|-----------------------------------|----------------------------------|-------------------------|-----------------------------|-------|
| Importer's (Name & Address)       |                                  |                         | Country of Origin           |       |
| Ship's Name                       |                                  |                         | Port of entry               |       |
| Rotation No.                      | Line No.                         | B/L No.<br>B/L Date     | Other details, if necessary |       |
| Mode of Transport                 |                                  |                         | Port of exit                |       |
| Mark &<br>Serial Nos. of<br>Pkgs. | No. &<br>Description of<br>Pkgs. | Description of<br>goods | Quantity                    | Value |
|                                   |                                  |                         |                             |       |

**Declaration**

Endorsement by Customs House on entry

---

I/We declare that the goods entered herein are for Nepal in transit through Bangladesh."

Endorsement by the carriers

---

"I/We declare that all the entries made herein above are true and correct to the best of my/our Knowledge and belief,"

Endorsement by Bangladesh custom officer or exit point

---

Endorsements

Date & Signature