

**Treaty of Trade, Treaty of Transit and
Trade Related Agreements
Between
Government of Nepal
and
Neighboring Countries
(India, People's Republic of China & Bangladesh)
(Updated up to July 2024)**

Published by:

Nepal Transit and Warehousing Company Limited

(An Undertaking of Government of Nepal)

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July 2024

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

The 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,

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

Recalling the treaty of transit between India and Nepal signed on 5 January 1999,

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

Have resolved to conclude a treaty of transit in order to facilitate transit of trade with the third countries, and

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

(Mr. Ramesh Rijal)

Minister for Industry, Commerce & Supplies

For the Government of Nepal

(Shri Piyush Goyal)

Minister of C&I, CA& FPD and Textiles

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 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 transshipment, 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 reassembly.

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 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 hereto 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 favorable 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 harbor 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) Safe guarding 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

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

ARTICLE XI

This Treaty shall enter into force upon its signature and shall remain in force for a period of seven (7) years. It 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.

This Treaty shall supersede the existing Treaty of Transit, including its Protocol and Memorandum to the Protocol.

Signed at New Delhi on 1st June 2023

(Mr. Ramesh Rijal)

Minister for Industry, Commerce &
Supplies

For the Government of Nepal

(Shri Piyush Goyal)

Minister of C&I, CA& FPD and
Textiles

For the Government of India

PROTOCOL TO THE TREATY OF TRANSIT BETWEEN NEPAL AND INDIA

1. 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 Kolkata 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

Shed No. 27 Kidder pore - covering approximately 3700 square meters.

(II) OPEN SPACE

Open land at Circular-Garden reach road covering approximately 4972 square meters. Reach Road Residential cum office-land space at Haldia covering approximately 2000 square meters. Open land space at Haldia-Dock Interior zone covering approximately 6985 square meters.

2. The above storage facilities shall be given on lease by the Trustees of the Port of Kolkata (hereinafter referred to as the Trustees) to an undertaking incorporated in accordance with the relevant Indian laws and designated by the Government of Nepal for this purpose (hereinafter referred to as the Lessee).
3. The terms of the lease 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 Docks (K.P.D.) berth No.27 shall be assigned by Kolkata 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 finalized within six months of the renewal of the Treaty. If, 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.
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, Kolkata, in accordance with the relevant provisions of the laws and regulations, will provide the Lessee a Customs House Agent's license for the clearance at the Port of Kolkata of traffic-in-transit, from and to Nepal. If a license is also required from the Port of Kolkata for this work, Kolkata Port Trust will provide such license 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;
 - (i) separate damaged or deteriorated goods from the rest;
 - (ii) 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 Kolkata 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.
11. The Trustees of the port of Kolkata shall allow seven days free time for removal of Nepali transit cargo, including containerized cargo. The continuation of such provision of free time may be reviewed after carrying out an assessment.

II With Reference to Article VI

1. Traffic-in-transit shall

A. utilise the mutually agreed entry and exit points and pass only through one of the mutually agreed road routes as specified below:

Table 1

S.N.	Entry/Exit Point(Port)	Entry/Exit point on India- Nepal Border	Specified land route
i	Kolkata/Haldia	Sukhia Pokhari	Road connecting Kolkata/Haldia-Dunlop Bridge-Barrackpore-Krishna Nagar-Malda-Raiganj-Dalkola-Siliguri-Sukhia Pokhari

ii	Kolkata/Haldia	Naxalbari (Panitanki)	Road connecting Kolkata/Haldia-Dunlop Bridge- Barrackpore Krishna Nagar-Malda Raiganj-Dalkola-Bagdogra-Panitanko
iii	Kolkata/Haldia	Galgalia	Road connecting Kolkata/Haldia-Dunlop Bridge- Barrackpore Krishna Nagar- Malda- Raiganj- Dalkola- Kishanganj Thakurganj- Galgalia
iv	Kolkata/Haldia	Jogbani	Road connecting Kolkata/Haldia-Dunlop Bridge- Barrackpore-Krishna Nagar- Malda Raiganj Dalkola- Purnia-Araria Forbesganj- Jogbani
v	Kolkata/Haldia	Bhimnagar	Road connecting Kolkata/Haldia-Dunlop Bridge-Barrackpore-Krishna Nagar-Malda- Raiganj- Dalkola-Purnia-Araria- Forbesganj Bhimnagar
vi	Kolkata/Haldia	Jayanagar	Road connecting Kolkata/Haldia-Vivekananda Bridge Dankuni- Mogra- Bardwan- Panagarh-Asansol- Kulti Jasidih-Kiul-Mokamah-Barauni-MusariGarari- Samastipur-Darbhanga-Jayanagar. (Or) Road connecting Kolkata/Haldia- Vivekananda Bridge- Dankuni- Mogra- Bardwan-Panagarh-Asansol-Dhanbad- Barhi-Kodarna-Nawadah-Biharsharif Bhaktiyarpur Gandhi Setu (Patna)-Hajipur- Musari-Garari-Samastipur-Darbhanga- Jayanagar

vii	Kolkata/Haldia	Bhitamore (Sita-marhi)	Road connecting Kolkata/Haldia-) Vivekananda Bridge Dankuni- Mogra- Bardwan-Panagarh- Asansol- Kulti- Jasidih- Kiul- Mokamah- Barauni- Muzaffarpur-Sitamarhi Bhitamore (Or) Road connecting Kolkata/Haldia- Vivekananda Bridge- Dankuni- Mogra- Bardwan-Panagarh-Asansol-Dhanbad Barhi-Kodarma-Nawadah-Biharshatif Bhaktiyarpur Gandhi Setu (Patna)-Hajipur- Muzaffarpur-Sitamarhi-Bhitamore.
viii	Kolkata/Haldia	Raxaul	Road connecting Kolkata/Haldia- Vivekananda Bridge- Dankuni- Mogra- Bardwan- Panagarh-Asansol- Kulti- Jasidih- Kiul- Mokamah- Barauni- Muzaffarpur-Motihari-Sugauli-Raxaul. (Or) Road connecting Kolkata/Haldia- Vivekananda Bridge Dankuni Mogra Bardwan-Panagarh-Asansol-Dhanbad- Barhi-Kodarma-Nawadah-Biharsharif Bhaktiyarpur Gandhi Setu(Patna)-Hajipur- Muzaffarpur- Motihari-Sugauli- Raxaul
ix	Kolkata/Haldia	Nautanwa (Sonauli)	Road connecting Kolkata/Haldia- Vivekananda Bridge Dankuni Mogra Bardwan-Panagarh-Asansol-Dhanbad- Barhi- Aurangabad-Sasaram-Varanasi-Ghazipur- Gorakhpur-Nautanwa- Sonauli.
x	Kolkata/Haldia	Barhni	Road connecting Kolkata/Haldia Vivekananda Bridge- Dankunl- Mogra- Bardwan-Panagarh-Asansol-Dhanbad-Barhi- Aurangabad-Sasaram-Varanasi-Ghazipur- Gorakhpur- Basti-Barhnl.
xi	Kolkata/Haldia	Jarwa	Road connecting Kolkata/Haldia-Vivekananda Bridge- Dankuni- Mogra- Bardwan-Panagarh-Asansol-Dhanbad-Barhi- Aurangabad-Sasaram-Varanasi-Ghazipur- Gorakhpur-Basti-Balarampur- Jarwa.

xii	Kolkata/Haldia	Nepalgunj Road	<p>Road connecting Kolkata/Haldia- Vivekananda Bridge- Dankuni- Mogra- Bardwan-Panagarh-Asansol-Dhanbad-Barhi- Aurangabad-Sa-saram-Varanasi-Jaunpur- Sultanpur-Lucknow-Baharaich-Nepalgunj Road.</p> <p>(Or)</p> <p>Road connecting Kolkata/Haldia- Vivekananda Bridge- Dankuni- Mogra- Bardwan-Panagarh-Asansol-Dhanbad-Barhi- Aurangabad-Sa-saram-Varanasi-Ghazipur- Gorakhpur-Basti-Baharaich-Nepalgunj Road</p>
xiii	Kolkata/Haldia	Tikonía	<p>Road connecting Kolkata/Haldia- Vivekananda Bridge- Dankuni- Mogra- Bardwan-Panagarh-Asansol-Dhanbad-Barhi- Aurangabad-Sa-saram-Varanasi-Jaunpur- Sultanpur-Lucknow-Baharaich-Tikonía</p> <p>(Or)</p> <p>Road connecting Kolkata/Haldia- Vivekananda Bridge Dankuni Mogra- Bardwan-Panagarh-Asansol-Dhanbad-Barhi- Aurangabad-Sa-saram-Varanasi-Ghazipur- Gorakhpur-Basti-Baharaich-Tikonía</p>
xiv	Kolkata/Haldia	Gauriphanta	<p>Road connecting Kolkata/Haldia- Vivekananda Bridge- Dankuni- Mogra- Bardwan-Panagarh-Asansol-Dhanbad-Barhi- Aurangabad-Sa-saram-Varanasi-Jaunpur- Sultanpur-Lucknow-Baharaich-Gauriphanta.</p> <p>(Or)</p> <p>Road connecting Kolkata/Haldia- Vivekananda Bridge Dankuni- Mogra- Bardwan-Panagarh-Asansol-Dhanbad-Barhi- Aurangabad-Sa-saram-Varanasi-Ghazipur- Gorakhpur-Basti-Baharaich-Gauriphanta</p>
xv	Kolkata/Haldia	Banbasa	<p>Road connecting Kolkata/Haldia Vivekananda Bridge- Dankuni- Mogra- Bardwan-Panagarh-Asansol-Dhanbad-Barhi- Aurangabad-Sa-saram-Varanasi-Jaunpur- Sultanpur- Lucknow- Shahjahanpur-Bareilly- Pilibhit- Banbasa</p>

xvi	Vishakhapatam	Biratnagar	Road connecting Vishakhapatnam- Bhimuni- patnam-Srikakulam-Chatrapur- Cuttack- Bhadrak-Baleswar-Kharagpur- Dunlop bridge Barrakpore Krishnanagar- Malda-Raiganj- Dalkola-Purnia- Araria-Forebesgunj- Jogbani- Biratnagar
xvii	Vishakhapatam	Birgunj	Road connecting Vishakhapatnam- Bhi- munipatnam-Srikakulam-Chatrapur- Cut- tack- Deogarh- Gumla-Ranchi-Kodarma Nawada-Biharsharif-Bakhtiyarpur GandhiSetu(Patna)-Hajipur-Muzaffarpur- Motihari-Sugauli-Raxaul-Birgunj.
xviii	Vishakhapat- nam	Bhairahawa	RoadconnectingBhimuni- patnam-Srikakulam- Chatrapur- Cuttack- Deogarh- Gumla-Ranchi Hazaribagh-Barhi-Aurangabad- Sasaram Va- ranasi-Ghazipur-Gorakhpur-Nautanwa(Sonauli)- Bhairahawa
xix	Vishakhapat- nam	Nepalgunj	Road connecting Vishakhapatnam Bhimuni- patnam-Srikakulam-Chatra- pur- Cuttack- Deogarh- Gumla-Ranchi Hazaribagh-Barhi-Aurangabad- Sasaram Va- ranasi-Paunpur-Sultanpur-Lucknow- Bahara- ich-Nepalgunj Road-Nepalgunj

NOTE:

- 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.
- b) Roads passing through Kolkata Airport, Barasat and Raiganj may be provided as an alternative route out of Kolkata in respect of all routes specified above passing through Raiganj, with prior endorsement on the Customs Transit Declaration by the appropriate Customs authority.
- c) Project cargo, heavy lift cargo and odd dimension cargo moving out of Kolkata 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.
- d) Movement out of Kolkata 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.

- e) 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 events.
- f) The movement of traffic-in transit between Vishakhapatnam port and Nepal will be in sealed containers only.
- B. utilise the mutually agreed exit and entry points and one of the mutually agreed rail routes as specified below:

Table 2

S.N.	Entry/Exit Point(Port)	Entry/Exit point on India-Nepal border	Remarks
i	Kolkata	Raxaul	
ii	Kolkata	Jogbani	Only for bulk cargo specified in Note (a)
iii	Kolkata	Nautarwa (Sunauli)	Only for bulk cargo specified in Note (a)
iv	Vishakhapatnam	Raxaul	
v	Vishakhapatnam	Jogbani	
vi	Vishakhapatnam	Nautanwa (Sunauli)	Only for bulk cargo specified in Note (a)

NOTE:

- a) Bulk cargo shall mean Fertilizer, Coal, Clinker and Cement.
- b) Kolkata - Raxaul route involves movement of goods-in-transit by direct train services from Kolkata/Haldia Ports to Birgunj in Nepal via Raxaul.
- c) 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, Procedure for Customs examination and clearance for goods on this route are annexed to the Rail Services Agreement.
- d) The movement of traffic-in-transit between Vishakhapatnam port and Nepal will be in sealed containers only. However, this restriction shall not apply to bulk cargo, specified in (a) above.
- e) The operation of rail services between Vishakhapatnam and Birgunj in Nepal via Raxaul would be governed by the India-Nepal Rail Services Agreement.

- f) The movement of transit traffic through rail route connecting Vishakhapatnam-Jogbani shall be subject to the following conditions:
 - i) Movement of cargo will be in full rake only; and ii) The lost of transshipment if any will be borne by the consign or/consignee.
- g) The transit facilities through Radhikapur-Birol and Rohanpur-Singhabad routes, relating to Nepal's trade with and through Bangladesh, wit continue to be governed by the terms of the Memorandum of Understanding between India and Bangladesh to facilitate overland transit traffic between Nepal and Bangladesh.

Provided that:

- (i) these road/rail routes may be discontinued or new ones added by mutual consent, and
 - (ii) the movement of bulk cargo specified in Note (a) to Nepal, for the movement by rail, shall comply with the following additional conditions:
 - a) the cargo shall move by rail from the entry points in India to Jogbani/Nautanwa(Sunauli) railway stations and thereafter by road on Jogbani-Biratnagar and Nautanwa(Sunauli)- Bhairahawa routes based on prior intimation given to Indian Customs, as and when such movements are anticipated.
 - b) the movement of cargo shall take place in covered wagons or in containers moving in flat wagons duly examined and sealed by Customs at entry points. The movement of coal and clinker, however, will be in open wagons.
 - c) For the traffic to Birgunj via Raxaul, the cargo will move directly to Birgunj, without handling at Raxaul.
 - d) Only covered wagons and open wagons will be allowed for movement of cargo from the entry points to Nautanwa (Sunauli)
 - e) the operations of unloading and transporting of cargo across the India-Nepal border through the border crossing points specified in (a) shall be carried out under customs supervision of respective Land Customs Stations. The intactness of the Customs seal affixed at the entry points shall be ensured at these Land Customs Stations, before permitting the unloading of cargo.
 - f) prior intimation of arrival of such cargo shall be given to the Principal Commissioner/Commissioner of Customs, Customs House Kolkata or the Principal Commissioner/Commissioner of Customs (Port) Vishakhapatnam as the case may be and the Principal Commissioner/Commissioner of Customs (Preventive) Patna or the Principal Commissioner/Commissioner of Customs (Preventive) Lucknow, as the case may be at least 5 days before the arrival of such cargo at the entry points in the manner prescribed as per Form as per Annex-A
- C. utilise the mutually agreed entry, transshipment and exit points using multimodal transportation, and pass only through one of the mutually agreed routes, utilizing waterways and road routes, as given below:
- a. Kolkata/Haldia Sahibgunj (by inland waterways); Sahibgunj- Manihari (by inland

- waterways); Manihari-Jogbani/ Biratnagar (by road)
- b. Jogbani/Biratnagar- Manihari (by road); Manihari- Sahibganj (by inland waterways); Sahibganj Kolkata/Haldia (by inland waterways)
- c. Kolkata/Haldia Sahibganj (by inland waterways); Sahibganj- Bhagalpur -Jogbani/ Biratnagar (by road)
- d. Jogbani/Biratnagar- Bhagalpur- Sahibganj (by road); Sahibganj- Kolkata/Haldia (by inland waterways)
- e. Kolkata/Haldia-Kalughat (by inland waterways); Kalughat Raxual/ Birgunj (by road)
- f. Raxual/Birgunj- Kalughat (by road); Kalughat- Kolkata/Haldia (by inland waterways)
- g. Kolkata/Haldia - Varanasi (by inland waterways); Varanasi Sunauli Bhairawa (by road)
- h. Bhairawa/Sunauli-Varanasi (by road); Varanasi-Kolkata/Haldia (by inland waterways)

Provided that:

1. these multimodal routes may be modified or new ones added by mutual consent.
2. in accordance with the size of vessels and limitations of their plying certificates for navigation, transshipment facilities shall be provided from sea vessels to River Sea Vessels (RSV)/Inland Vessels in Kolkata Port Trust jurisdiction and any other agreed points in India.
3. the following conditions shall apply for Freight, Charges and Fees:
 - a. all payments and charges in connection with the movements of cargo shall be the responsibility of shipping line or its representative custodian/operator/carrier of cargo.
 - b. domestic rates of charges and fees in the transit territories will be applicable for all modes of transport and logistics services extended to the traffic-in-transit However, such charges and fees shall be exempted from the Central or State Government taxes, levy and duties.
 - c. the shipping line or its representative or custodian/operator/carrier of cargo shall be responsible for the freight and other logistics costs arising from the use of inland waterway including allied infrastructure and trans-shipment.
4. the following conditions shall apply for Vessels Ownership, Survey and Registration, Navigation Permit and Flying Flags:
 - a. Vessels sailing or plying in the specified routes should be certified/registered in accordance with any of the followings:
 - 1) Inland Vessels Act 2021 of India (As amended from time to time) in case of Indian flag vessels, or
 - 2) Merchant Shipping Act of India (RSV category) in case of Indian flag vessels; or
 - 3) dual registration under Inland Vessels Act and Merchant Shipping Act of India (RSV category) in case of Indian flag vessels; or
 - 4) relevant national legislation of Nepal in case of Nepali flag vessels.

Note: In case of Para 4 a) (2), the vessels will be required to carry a Kolkata Port Trust pilot on board during their movement within Kolkata Port Trust limit below Kolkata.

In case of Para 4 a) (4), within Kolkata Port Trust's limit, the vessels will have to carry an Inland Master certified by the state Inland Water Transport Authority to be assigned by the Kolkata Port Trust for safer navigation purpose.

- b. The relevant documents shall be presented by the Master of the vessels at the points of entry and/or ports of call as may be required during the voyage.
 - c. The vessels having navigation permission for cargo movement will be allowed to utilize all related available infrastructure, logistics and handling facilities on the terms and conditions as applicable to Indian vessels.
 - d. The vessels of Nepal shall be accorded facilities of sailing under Nepali national flag on the agreed routes.
 - D. comply with the procedure as set out in the Memorandum annexed hereto.
 - E. 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 for expeditious movement and the safety of transport.
- 1A. Traffic-in-transit for Nepal's trade with and through Bangladesh is also permitted through Kakarbhitta (Nepal) to Banglabandha (Bangladesh) via Phulbari (India). The Memorandum to the Protocol, in conjunction with the "operating modalities as given below, shall act as the working arrangements for transit along this route.
- i. Trucks carrying cargo-in-transit would move in convoys of a maximum of 20-25 trucks.
 - ii. Cargo-in-transit would move in "pilfer-proof containers/trucks capable of being sealed.
 - iii. Transit will take place on all working days at specified times during daylight hours.
 - iv. The gross vehicle weight of trucks should not exceed 16.2 tonnes for convention vehicles and 19 tonnes for three or multi-axle vehicles.
 - V. The convoy would be escorted from entry to exit point.
 - vi. Only trucks with Nepali registration can be utilized for the transit
 - vii. Drivers/assistants/cleaners, who would travel with the trucks, should hold identity cards, issued by the authorities of the Government of Nepal.
 - viii. 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.
 - ix. The following categories of goods shall not be allowed for transit (Negative List):
 - a. Fire arms and ammunition

- b. Hazardous cargo
 - c. Gold and silver bullion
 - d. Goods prohibited for protecting human, animal and plant life
 - e. Antiques and similar other objects
 - f. Narcotics and psychotropic substances
- X. Government 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.
- xi. The insurance requirements for Nepali 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.
 - xii. Government of India and 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.
 - xiii. The requirement of convoy and escorting will not be applicable:
 - a. For cargo contained in sealed containers, including containerized trucks, subject to affixation of One Time Seal (OTS) by Indian customs at border LCS of entry and noting of the serial number of the OTS on the Customs Transit Declaration for verification at the border LCS of exit
 - b. provided the sensitive goods, as specified by the Government of India from time to time with prior intimation to the Government of Nepal, shall be covered by an insurance policy or a bank guarantee or such legally binding undertaking to the satisfaction of the Jurisdictional Customs Officer. For other goods, a legally binding undertaking is submitted by the importer/exporter as the case may be that the amount equal to the difference between the market value of goods in India and their C.I.F. value shall be paid, on demand to the Jurisdictional Customs Officer, in the event of goods not reaching Nepal/Phulbari Customs, as the case may be.
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 Kolkata Port for the storage of such goods and also while in storage or under the process of packing, sorting, 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 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 of 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.

(c1) Movement of vehicles shall also be permitted "on their own power" subject to following conditions:

(i) The procedure of examination applicable to such vehicles will be similar to that applicable to non-containerized cargo and cargo in open trucks at the port of import and at border Land Custom Stations (LCS) respectively. The Indian customs officials at the port of import and at the Land Customs Stations of exit shall examine the vehicles to check whether the goods are in accordance with the Customs Transit Declaration (CTD) and conform to the import license, wherever such license is issued and the letter of credit. The vehicles will be approved for onward transmission if they are found to be in accordance with the said license and/or the said letter of credit and the Customs Transit Declaration and further, at the LCS of exit, if they conform to the description and the quantities of the vehicles and its parts, spares and accessories, as found at the port of import and recorded on the CTD.

(ii) The vehicles transported "on their own power" shall be included in the list of sensitive goods under the Memorandum to the Protocol to the Treaty of

Transit, and 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 CIF value. The insurance policy or a bank guarantee shall be assigned to the Commissioner of the Customs, Kolkata and the amount shall become payable to the said Commissioner, in the event of the goods not reaching Nepal.

- (iii) The movement of vehicles "on their own power to Nepal shall be allowed only through the border points (LCSs) of Raxaul-Birgunj, Jogbani-Biratnagar, Sonaul-Bhirahawa and Nepalgunj road- Nepalgunj
 - (d) Goods other than those mentioned in sub-paragraphs (a), (b), (c) and (c1) 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 of tampering, at the option of the importer.
 - (e) Pilfer-proof container trucks shall conform 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 recognized 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;
 - (ii) sealing of individual packages may also be dispensed with when consignments consigned to different consignees are imported packed in one single recognized 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.
7. The movement of Nepalese private commercial vehicles from the Nepalese border to Kolkata/Haldia and back will be allowed on such vehicles being duty authorized by the Government of Nepal or the Nepal Transit and Warehousing Company Ltd. and the necessary undertaking being given by them to the Indian customs authorities.

III. With Reference to Article X

1. 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 issues relating to transit trade.
2. There shall be an Inter-Governmental Committee consisting of the senior representatives of the two Governments to facilitate transit trade. The Committee shall meet at least once in six months, alternatively in Nepal and India. If any question remains 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 Treaty.

ANNEX A

FORM FOR PRIOR INTIMATION FOR MOVEMENT OF FERTILIZERS, COAL, CLINKER AND CEMENT BEING IMPORTED BY NEPAL THROUGH KOLKATA HALDIA/VISHAKHAPATNAM PORTS AND TRANSITING THROUGH TO JOGBAN NAUTANWA (SONAULI).

To

1. The Principal Commissioner of Customs/Commissioner of Customs (Port), Kolkata,

OR

The Principal Commissioner of Customs/Commissioner of Customs (Port).
Vishakhapatnam (as the case may be)

2. The Principal Commissioner of Customs/ Commissioner of Customs (Preventive),
Patna

OR

Principal Commissioner of Customs/Commissioner of Customs (Preventive),
Lucknow (as the case may be)

In terms of proviso (i) to the Note in Para 1B of the Section II of the Protocol to the Treaty of Transit between Nepal and India please be intimated that the following goods are expected to arrive at Kolkata/Haldia/Vishakapatnam port for Transit to Nepal.

S. No.		
1	Name of the Ship and Voyage Number	
2	Name and Address of the Importer	
3	Description of the Goods	
4	Quantity of the Goods	
5	Bill of Lading Number and Date	
6	Invoice Number	
7	Invoice Value (with currency)	
8	Import License Number and Date (if available)	
9	Letter of Credit Number and Date (if available) and Name and Address of the Issuing Bank	
10	Route of Transit	

It is requested that necessary arrangements for facilitation of clearance of the cargo may please be made

Signature of the importer or his authorized agent

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, the Government of Nepal and the Government of India agree that the following detailed procedure shall apply to traffic-in-transit

A. Export and Import Procedures for traffic-in-transit through multimodal routes using inland waterways:

1. For the movement of traffic in transit through multimodal transportation, using waterways and road routes and passing through mutually agreed routes, the following procedure will apply for customs clearance:
 - a) the shipping line or its representative or custodian/operator/carrier of cargo shall declare the traffic in transit as Transshipment Cargo at the time of filing of arrival manifest at the customs station of entry in India and also declare the name of the customs station of exit in India and the final port of destination of the cargo.
 - b) the shipping line or its representative or custodian/operator/carrier of Cargo shall provide a copy of the commercial invoice and bill of lading covering the consignment to the proper officer of customs at the customs station of entry in India.
 - c) the shipping line or its representative or custodian/operator/carrier of Cargo shall execute a Transshipment Bond, undertaking responsibility for the safe movement of goods through India. They shall also be allowed to execute a Continuity Bond.
 - d) the amount to be debited from the Continuity Bond of the shipping line or its representative or custodian/operator/carrier of Cargo concerned shall be equivalent to the amount debited for transshipment of India's EXIM cargo.
 - e) on fulfilment of the requirement set out in paragraphs (a) to (d) above Indian Customs shall issue a Transshipment Permit allowing the movement of the consignment through India. The Transshipment Permit shall be issued in triplicate.
 - f) the cargo shall be sealed and move under an Electronic Cargo Tracking System (ECTS) seal. The ECTS seals shall be procured from the Seal Provider authorized for this purpose. In case of non-containerized cargo, the cargo shall be loaded in a manner that the ECTS seal is affixed and offers clear evidence in case of any attempt to tamper with the cargo.
 - g) in case where the "Shipper's seal" affixed on the container arrived at the customs station of entry in India is found to be broken or defective, the Indian Customs authorities shall make due verification of the goods to check whether the same are

in accordance with Bill of Lading. If tallied, they shall affix the ECTS seal before the Transshipment is allowed.

- h) the details of the Containers, names of the Nepalese importer or exporter (as the case may be) Manifest Number and Bond Number and the corresponding ECTS seal affixed shall be entered in a web application authorized for this purpose by Indian Customs, before commencement of the transshipment movement
- i) one copy of the Transshipment Permit shall be retained in the customs station of entry in India and two copies shall be handed over to the carrier for being carried along with the goods. Out of these two copies, one copy is to be surrendered at Customs Station of exit in India. In case of imports to Nepal, the third copy shall be handed over to Customs at the port of entry in Nepal by the carrier. In case of exports from Nepal, the third copy shall be forwarded to Customs at the port of exit in Nepal, by the customs at the port of exit in India.
- j) during transfer of cargo from one mode of transport to another as per the agreed routes in paragraph 1 (C) of Section II of the Protocol, the Vessels operator or the Carrier or Custodian of Cargo shall make suitable arrangements for unloading of cargo and transfer to other mode of transport for completion of the transit journey in a manner that the cargo remains secure and the ECTS seal remains intact. Provided where the ECTS seal affixed upon entry into India is required to be removed for any valid, reason, such removal and re-affixation of the seal shall be carried out under the supervision of Indian Customs.
- k) the cargo affixed with the ECTS seal shall be halted at customs station of exit in India for unsealing, which shall be carried out by the officer of Indian Customs. The Customs Officer shall, before unsealing, check the status of the seal using the web application provided for this purpose. If no alert of unauthorized unsealing is found, the Customs Officer shall remove the ECTS seal. He shall make an endorsement of unsealing on both the copies of Transshipment Permit.
- l) in case the ECTS web application indicates an alert about any unauthorized unsealing, the Indian Customs authorities shall make due verification of the goods to check whether the goods are in accordance with Transshipment Permit. If the goods tally with description as per the Transshipment Permit and commercial invoice, the consignment will be allowed for Transshipment.
- m) reconciliation of transshipment consignments and discharge of the Bond submitted by the Vessels operator or Custodian of Cargo will be done based on the electronic reports generated by the ECTS system on unsealing of ECTS seal at customs station of exit in India.
- n) in the event of any diversion of transshipment cargo within India, the Commissioner of Customs in charge of the customs station of entry in India may initiate necessary action against the Vessels operator or Custodian of Cargo to ensure that the Customs duty, interest, fine and penalty due to the Government of India is recovered. Details of such cases shall be informed to the Government of Nepal

- through the Central Board of Indirect Taxes and Customs.
2. The Contracting Parties agree to take all necessary measures for facilitating sea and inland water transportation, including by simplification of customs documentation and other requirements.
 3. Customs and other formalities for the movement of crew members and their accompanied baggage under this operating modality will be made as simple as possible subject to the existing rules, regulations and procedures in both the countries. Standard Operating Procedure (SOP) for movement of crew members of Nepali vessels shall be prepared in mutual consultation.
 4. The Contracting Parties will allow the vessel operators to be equipped with radio-telephone for speedy communications in conformity with the prevailing regulations of the respective countries.
 5. Insurance of cargo and means of transport shall be the responsibility of the respective owners and the certificate of such insurance shall be accompanied by the transport operator during movements.

B. Export and Import Procedures for other traffic-in-transit

I- 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 licenses issued by the Government of Nepal, wherever such licenses 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 license or letter of credit, the Nepali Consul General, Deputy Consul General of Consul at Kolkata 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 the Government of Nepal without the requirement of import license of letter of credit."

Signature and Seal

Note:

1. The Government of Nepal shall arrange to supply through the Embassy of India at Kathmandu or directly to the Commissioner of Customs, Kolkata, the specimen signature or signatures of official or officials who are authorized to sign import licenses issued by the Government of Nepal. It shall also arrange to have a copy each of the import licenses, wherever such licenses are issued by it for such goods, sent directly to the Commissioner of Customs, Kolkata.
2. At the Indian port of entry (hereinafter called the Customs House), the importer or his agent (here in after 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 license 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 license issued by the Government of Nepal, wherever such license is issued, and a copy of the letter of credit, authenticated by the Consulate General of Nepal in Kolkata or the issuing bank, shall be presented to the Customs House. The copy of the import license and the letter of credit so presented shall be examined by the Customs House against the copy of the import license and/or the statement of particulars of the letter of credit received directly from the Government of Nepal. No other additional document may be asked for, except where considered necessary for clearance of specific goods.
4. Nepali 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 authorized 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.
 - (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-containerized 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 conform to the import license, wherever such license is issued, and the letter of credit. Goods for Nepal as covered by the said license 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), (b1), (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 the 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, Kolkata, 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, Kolkata, 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, Kolkata, 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, Kolkata, 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, Kolkata, 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 authorized to do business in India on such terms and conditions, to the satisfaction of the Commissioner of Customs, Kolkata, 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, Kolkata, after satisfying himself that the goods have not reached Nepal.

NOTE:

1. In respect of goods belonging and consigned to the 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 CIF 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, Kolkata, a legally-binding undertaking that the amount

equal to the difference between the market value of the goods in India and their CIF value shall be paid, on demand, to the Commissioner of Customs, Kolkata, in the event of the goods not reaching Nepal.

- 9B. The Commissioner of Customs, Kolkata, shall provide to the concerned department of the 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. The 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 transshipment from broad-gauge to meter-gauge.
12. (a) on arrival of the containerized 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 containerized 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 authorized 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 containers 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 te defective, the Indian customs authorities posted at the land customs station of the railway station, as the case may be, shat make due verification of the goods to check whether the goods are in accordance with Customs Transit Declaration and conform to the import license, wherever such license 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 license, wherever such license 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-containerized 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 containerized 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 containerized 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 license, wherever such license is issued, and the letter of credit. Goods for Nepal, as covered by the said license, wherever such license 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 license, wherever such import license 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 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 exit, 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 license, 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 license 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) endeavor to send a telex/fax communication/e-mail on a daily basis to the Commissioner of Customs, Kolkata, 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/e-mail on a daily basis to the Commissioner of Customs, Kolkata, 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/e-mail 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, Kolkata by Speed Post.

II. 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 license number dated. (wherever issued) and under letter of credit number dated (name and address of the issuing Bank)" issued by

Signature and the 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 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 license 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 for export/re-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 documents will be asked for by Indian customs, 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 the 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 the Government of Nepal, shall be transported from the Indian customs border post to Kolkata Port in closed railway wagons 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, Kolkata 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 the 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 Kolkata 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 Kolkata 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 Kolkata 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 CIF 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 Kolkata Customs
- (d) The Insurance policy shall be obtained by the exporter from an insurance company authorized 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 Kolkata Customs.

NOTE:

- 1. In respect of goods belonging to and consigned by the 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 CIF price to the exporter.
 - 4. When the Customs Transit Declaration, duly endorsed and authenticated by the Kolkata 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 Kolkata 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 CIF value shall be paid on demand to the concerned Commissioner of Customs, in the event of the goods not reaching Kolkata Customs.
- 8B. The concerned Commissioner of Customs shall provide to the concerned department of the 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 Kolkata Customs. The 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 the 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 Kolkata 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 the 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 the 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 filing 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.

NOTE (1): For traffic-in-transit via Vishakhapatnam port, "Commissioner of Customs, Kolkata", "Customs House, Kolkata", "Customs Officer, Kolkata" and "Kolkata Customs", wherever, it occurs above will be read as "Commissioner of Customs, Vishakhapatnam", "Customs House, Vishakhapatnam". "Customs Officer, Vishakhapatnam" and "Vishakhapatnam Customs

NOTE(2): For traffic-in-transit via Vishakhapatnam port, an additional one time-lock will be affixed by Indian customs, besides the one time-lock of the shipping agent or the carrier authorized by the shipping company. The serial number of the additional one- time-lock shall be endorsed in the Customs Transit Declaration which will be verified at the Land Customs Station of exit or at Vishakhapatnam Port, as the case may be.

C. Transit of Goods from one part of Nepal to another, through India

For the movement of goods 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.

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) Minister of Commerce and Supplies For the Government of Nepal	(Anand Sharma) Minister of Commerce and Industry For the Government of India
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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 strictions.

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 6th 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 27th 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
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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 nontariff, 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 5th 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 Agreement on Safeguard.

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 questions would deteriorate or perishes 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 a 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.

AGREED ROUTES FOR MUTUAL TRADE

1. Pashupatinagar/Sukhia Pokhari
2. Kakarbhatta/Naxalbari
3. Bhadrapur/Galgalia
4. Biratnagar/Jogbani
5. Setobandha/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. Nepalgunj/Nepalgunj 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

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, sulphurdioxide 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.

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, Nepalgunj/Nepalgunj 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.

**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:
10. (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.

(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.*

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

***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

भारत सरकार
वाणिज्य एवं उद्योग मन्त्रालय
वाणिज्य विभाग
उद्योग भवन, नई दिल्ली - ११००१
Government of India
Ministry of Commerce & Indust
Department of Commerce
Udyog Bhawan, New Delhi-11001
2nd March, 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 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.
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. B.P. Acharya
Secretary, Ministry of Industry,
Commerce and Supplies,
His Majesty's Government of Nepal

Sd.
Dipak Chatterjee,
Commerce Secretary,
Commerce and Supplies
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

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,
Commerce Secretary,
Government of India.

sd.
(B.P. Acharya)
Secretary

भारत सरकार
वाणिज्य एवं उद्योग मन्त्रालय
वाणिज्य विभाग
उद्योग भवन, नई दिल्ली - ११००१
Government of India
Ministry of Commerce & Indust
Department of Commerce
Udyog Bhawan, New Delhi-11001
2nd March, 2002

Excellency,

"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."

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.

Yours sincerely,

Sd.

(Ramkrishna Hegde)
Minister of Commerce
Government of India

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

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.

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".

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

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

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

Sd.
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 acknowledge 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 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 Governments 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. 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.

H.E. Mohan Dev Pant
Commerce Secretary,
His Majesty's Government of Nepal
Kathmandu, Nepal

Yours sincerely,
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 6th 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 27th 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
SINGHA DURBAR

Ref. No. 164/063-64

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

वाणिज्य सचिव
भारत सरकार
नई दिल्ली - ११००११
COMMERCE SECRETARY,
GOVERNMENT OF INDIA
NEW DELHI-11001
March 2, 2007

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

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

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

वाणिज्य सचिव
भारत सरकार
नई दिल्ली - ११००१
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
GOVERNMENT OF NEPAL
AND
MINISTRY OF RAILWAYS, GOVERNMENT OF INDIA
(As amended)**

1. General

1.1* Ministry of Industry, Commerce and Supplies, Government of Nepal and Ministry of Railways, Government of India have entered into this Agreement for operating and managing the rail services between Kolkata/Haldia/Vishakhapatnam Port and any other agreed Ports in India under the Treaty of Transit between Nepal and India and Birgunj ICD and any other agreed operational ICD/ICP/Stations in Nepal for transit traffic and between stations on Indian Railways network and Birgunj ICD and any other agreed operational ICD/ICP/Stations in Nepal for bilateral traffic.

1.2 This Agreement will be called '**Nepal-India Rail Services Agreement**'.

1.3 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.

1.4*† 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 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 provision of the Agreement shall be reviewed and may be modified by mutual consent.

1.5 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 and any other agreed ICD/ICP/stations in Nepal.

1.6 Definitions:

BCN /BCX : Types of eight wheeler covered wagons used by Indian Railways to carry cargo.

* Amended as per LoE dated 29 June 2021

† Amended as per LoE dated 29 June 2021

Bilateral Traffic:	Cargo originating or terminating in India and moving between India and Nepal.
Block:	Rake A full load train starting from a single originating station carrying traffic for a single destination station without any setoff stations en route.
GOI:	Government of India.
GON*:	Government of Nepal.
ICD*†:	Inland Clearance Depot for the purpose of this Agreement is a common user facility in Nepal with the rail link to stations on Indian Railways network having public authority status, equipped with fixed installations and offering services for handling and temporary storage of import/export laden and empty containers/bulk/break-bulk cargo 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.
Indian Railways:	Railway administration under MOR or its successors duly designated by GOI.
ISO Containers:	Containers built in accordance with the specifications of International Standards Organization.
Calcutta Port:	Seaport in India nominated to handle transit cargo to and from Nepal. Includes the sea port at Haldia.
Marshalling:	Sequence of individual wagons on freight train.
Order:	
MOICS:	Ministry of industry, Commerce and Suppliers, His Majesty's Government of Nepal.
MOR:	Ministry of Railways, Government of India.
NITDB:	Nepal Inter-modal transport Development Board.
TMC:	Terminal Management Company, the entity appointed by MOICS to operate and manage the ICD at Birgunj and any other agreed ICD/ICP/ Station in Nepal.
Transit Traffic:	Cargo originating in countries other than India and moving over Indian Territory to and from Nepal.
Eight-wheeler	Indian Railways enumerate wagon population in terms of eight-wheeler equivalents by using a standard conversion formula for all types of wagons.

** Amended as per LoE dated 29 June 2021

*† Amended as per LoE dated 29 June 2021

Equivalent[▼]:

Reefer Reefer Container is a refrigerated container, used for transportation of temperature sensitive cargo. Reefer Container has an integral refrigeration unit which rely on external power from electrical power points at a land based site and generator car on container trains.

Container[▼]:

Rolling Stock[▼] : All types of covered wagons, tank wagons, flat wagons and open wagons owed by Indian Railways or any other authorized cargo train operators licensed by Indian Railways or privately-owned wagons approved by Indian Railways under any train operator or wagon investment schemes.

DSO Container[▼] : Containers including dwarf containers or any other containers for movement of domestic/bilateral traffic conforming to Maximum Moving Dimensions (MMD) of Indian Railways.

Designated A Port notified under the relevant provisions of Customs Act 1962 of India and designated for Nepal bound cargo, both inbound and outbound, as agreed between the Government of Nepal and the Government of India under the Treaty of Transit.

Ports[▼] :

Customs Office[▼] : A Customs Office notified under the relevant provision of Customs Act 2007 of Nepal.

Nepal Railway[▼] : Nepal Railway Company established in Nepal and authorized by Government of Nepal for train operation.

ICP[▼]: Integrated Check Post (ICP) for the purpose of this Agreement is an integrated development of land border area for facilitation of transit trade and bilateral trade between India-Nepal as well as for movement of passengers across the border connected with the rail link to stations on Indian Railways network having public authority status, systematically planned, properly inter-connected and efficiently managed border check-posts between Nepal and India.

Designated Land A Land Customs Station (LCS) notified under the relevant

Customs Stations : Provisions of Customs Act, 1962 of India and designated for Nepal bound cargo, both inbound and outbound, as agreed between the Government of Nepal and Government of India.

Station[▼] : Station in context of Indian Railways includes all stations, goods sheds, sidings, Inland Container Depots, Container Freight Stations (CFS), Container terminals, private and public freight terminals located on or served by the Indian Railways network. Station in the context of Nepal

[▼] Aded as per LoE dated 29 June 2021

includes all stations and goods sheds located in Nepal and served by Nepal Railway Company/GON.

Locomotives^{*♥}: All types of locomotives running on IR system can be used to haul rolling stock between India and Nepal.

Authorised Cargo Authorised Cargo Train Operators includes Container. Train Operator (CTO), Automobile Freight Train (AFTO), Special Freight Train Operator (SFTO) or any other operator authorized by Indian Railways.

Train Operators[♥]:

2^{†♠}. Rail Links between India and Nepal

2.1 Broad gauge rail link between Raxaul (India) and Birgunj (Nepal) is operational between India and Nepal.

2.2 Broad gauge rail links between Biratnagar (Nepal) and Jogbani (India), Bhairahawa (Nepal) and Nautanawa (India), and Inarwa (Nepal) and Jaynagar (India) shall be operational after completion notification.

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.

3.3[♥] Interchange Station for running of trains between other border crossing points at Nepal-India border shall be notified by Indian Railways

4. Terminal Management Company

4.1 Rail linked ICD/ICP at Nepal-India border in Nepal side shall be operated and managed by a Terminal Management Company (TMC) appointed by the Government of Nepal. The TMC shall 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

^{*♥} Aded as per LoE dated 29 June 2021

^{†♠} Amended as per LoE dated 29 June 2021

^{‡♥} Inserted as per LoE dated 29 June 2021

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 bimonthly 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 ISO/DSO and Reefer containers of ISO specifications, dwarf containers or any other containers conforming to the MMD of Indian Railways in single stack, double stack or any other combination which is permitted on Indian Railways can be loaded on flat wagons owned by Indian Railways or any other authorized cargo train operators licensed by Indian Railways will be permitted for interchange between Nepal and India.

10.2` All covered wagons, flat wagons, tank wagons and open wagons or any other type of wagons owned by Indian Railways or any other authorized cargo train operators licensed by Indian Railways or privately-owned wagons approved by Indian Railways under any train operator or wagon investment schemes shall be allowed in interchange between Nepal and India subject to provisions contained in Article 12.2 of this Agreement.

* Amended as per LoE dated 29 June 2021

- 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* Provisions in respect of movement of rail traffic:

- 12.2.1 Rail traffic between the two countries shall comprise of all types of cargo in all types of rolling stock which are permitted to move on the Indian Railway network including container/reefer container traffic moving in Flat wagons, break-bulk, bulk and bagged cargo in covered wagons, break-bulk cargo which cannot be handled manually such as HR coils and heavy equipment/machinery including over-dimensional cargo in flat wagons, bulk cargo such as Coal, Clinker etc. in open (BOXN) wagons and liquid/oils cargo in tank wagons, automobile traffic in flat and covered wagons and parcel traffic in parcel vans. Alcoholic Liquor/Beverages (including beer) and other concentrates, Perfumes, Cosmetics, Cigarettes, Tobaccos, and such other items as may be notified by the Government of India, in consultation with the Government of Nepal, shall not be loaded on flat wagons and open wagons.

- 12.2.1A The Nepal bound bulk cargo shall move by rail from the entry points in India or Stations from India to Stations in Nepal or railway stations in India on Indo-Nepal border such as to Jogbani or Nautanwa (Sunauli) or similar other stations and thereafter shall move by road following amendment in India-Nepal Treaty of Transit.

- 12.2.2 Movement of Reefer containers shall be allowed subject to a minimum of 14 containers of forty feet (FEU) or equivalent twenty feet reefer containers (TEU) or

* Amended as per LoE dated 29 June 2021

a combination equivalent to minimum 14 FEUS. Such number of reefer containers should be offered for movement to any authorized cargo train operator licensed by Indian Railways for each destination at one time. However, if the authorized cargo operator wants to run less 14FEU or equivalent, they are permitted to run depending on operational and commercial considerations to be decided by the operators themselves. The infrastructure required to handle this traffic at ICD/ICP in Nepal should be ensured

12.2.3 Movement of open wagons (BOXN wagons) owned by Indian Railways or any other authorized cargo train operators licensed by Indian Railways or privately-owned wagons approved by Indian Railways under any train operator or wagon investment schemes will be permitted for Bilateral and Transit Trade such as Coal, Clinker, etc. to and from ICD/ICP/Stations to be constructed in Nepal for handling such cargo.

12.3* ...

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.

14. Running of Trains

14.1^{†*} Indian Railways locomotive using wagons owned by Indian Railways or any other authorized cargo train operators licensed by Indian Railways or privately-owned wagons approved by Indian Railways under any train operator or wagon investment schemes will run all trains between India and Nepal.

14.1A^{‡*} The Government of India shall permit the Nepal Railway Company owned rail/wagon for cargo movement from Kolkata/Haldia up to Biratnagar/Birgunj routes and vice versa following the set procedures and standards of Indian Railways.

14.2^{§*} Arrangements of crews for trains running from India to Nepal and Nepal to India will be decided mutually between Indian Railways and Nepal Railway Company/ GON based on operational considerations.

* Deleted as per LoE dated 29 June 2021

† Amended as per LoE dated 29 June 2021

‡ Aided as per LoE dated 29 June 2021

§ Amended as per LoE dated 29 June 2021

- 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 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 bilatera 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.

19.3[‡]* Procedure for Transshipment/transit for the cargo moving from ICD Birgunj and any other agreed ICD/ICP/stations in Nepal to Kolkata/Haldia/Vishakhapatnam Ports or any other agreed Port in India under the Treaty of Transit between India and Nepal and vice-versa shall be in accordance with the provisions laid down in Annexures ' and 'G' to this Agreement, which will be inserted by mutual consent at a mutually agreed date. Till such time, the cargo will be moved as per the procedure laid down in Annexures "A" and 'B' of the RSA

20. Transport Document for Carriage of Goods by Rail

20.1 Railway Receipt of 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.

*[‡] Amended on 17 December 2008 through letter of Exchange.

†[‡] Amended as per LoE dated 29 June 2021

‡[‡] Inserted as per LoE dated 29 June 2021

21.3.1 Charging of freight for traffic across Raxaul-Birgunj will be as under :

- (b)* For traffic originating at Kolkata/Haldia Ports/Vishakhapatnam Port/any other agreed Port in India under the Treaty of Transit between India and Nepal, freight charges from the point of origin to the international border between India and Nepal will be prepaid directly through Nepali commercial bank to respective account of railway operator held with commercial bank in India.
- (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 Birguni. 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 in respect of ICDs/ICPs and Nepal Railway Company in respect of stations in Nepal will pay Detention/ Locomotive Hire charges in respect of locomotives of Indian Railways to the agency designated for this purpose by AMOR for the duration of time spent at ICD/ICP/Station in Nepal 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 in respect of ICDs/ICPS and Nepal Railway Company in respect of stations in Nepal will pay Detention/Wagon Hire charge in respect of wagons/flats of Indian Railways or any other authorized cargo train operators licensed by Indian Railways to the agency designated for this purpose by MOR for the duration of time spent at ICD/ICP/Stations in Nepal after the lapse of the notified free time at a 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

* Amended as per LoE dated 29 June 2021

Interchanged between India and Nepal-

- Owning Zonal Railway and number of each locomotive
 - Owning Zonal Railway and individual number and type wagon 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 of 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.

On behalf of Government of Nepal	On behalf of the Government of India
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<p>Dinesh C. Pyakural</p> <p>Secretary</p> <p>Ministry of Industry, Commerce and Supplies</p>	<p>L.R. Thapar</p> <p>Additional Member (Traffic)</p> <p>Railway Board of Government of India</p>
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Annexure - A*

IMPORT PROCEDURE FOR CUSTOMS EXAMINATION AND CLEARANCE OF TRANSIT CARGO†*

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,

* Amended on 17 December 2008 through letter of Exchange.

†* heading amended as per LoE dated 29 June 2021

- (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.
- (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 Indian customs 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 Nepali containerized cargo, the Indian customs officer stationed at the port of the entry, shall affix a "One Time Lock" or an Electronic Cargo Tracking System as agreed by both GON and GOI on the container and shall allow transportation of the containerized cargo, with examination unless there are valid reason to do otherwise.
9. A. 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 agreement 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 scruting of the transshipment from 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 consignment will be selected for

*Amended as per LoE dated 29 June 2021

examination and not that a percentage of the contents of each of breakbulk 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 'onetime-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 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.

- (cc) If, on verification in the presence of agencies listed in (bb) 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' or 'seal' and approve for onward transmission of the wagon. The serial number of the new one-time-lock' or 'seal' 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 Custom 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.

**EXPORT PROCEDURE FOR CUSTOMS EXAMINATION AND
CLEARANCE OF TRANSIT CARGO.†‡**

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 and *any other agreed operational ICD/ICP/Stations in Nepal‡* 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,
- (c) 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:-

_____ "I/We declare that the goods entered herein are of Nepalese origin, are for export

* Amended on 17 December 2008 through letter of Exchange.

†‡ heading amended as per the LoE dated 29 June 2021

‡ Inserted as per the LoE dated 29 June 2021

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 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 **jactcuzy** 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 the 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 port of entry to ICD Birgunj through land customs Station (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 Rasaul 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 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 ICCD. The number and date of the ECCD shall be recorded of 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 Rasaul 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 authorised by the shipping company 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 tally with 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 Custom 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 transhipped 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.

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, GON or an agency specifically designated for this purpose by GON.

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 be as per prevailing rates of the Indian Railways.
- 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.

* Amended as per the LoE dated 29 June 2021

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 onetime-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.

**IMPORT PROCEDURE FOR CUSTOMS EXAMINATION AND CLEARANCE
OF THE NEPAL-INDIA BILATERAL TRAFFIC FROM NEPAL TO INDIA**
IMPORT PROCEDURE FROM NEPAL TO INDIA***

When goods (container traffic moving in flats/ BOXN wagons/break-bulk cargo loaded in covered wagons†*) 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),
- (xiii) Country of Origin of Goods, \

*heading amended as per the LoE dated 29 June 2021

†* Amended as per the LoE dated 29 June 2021

(xiii) 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 it 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 container/break-bulk cargo traffic *moving in flats/tank/covered wagons/reefer containers and coal Clinker, etc. in open 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 any authorized cargo train operators licensed by Indian Railways* Railways) shall ensure to facilitate Customs for proper examination

* Amended as per the LoE dated 29 June 2021

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. ANY AUTHORIZED CARGO TRAIN OPERATORS LICENSED BY INDIAN RAILWAYS/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, and any other agreed operational ICD/ICP/Stations in Nepal 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.

**EXPORT PROCEDURE FOR CUSTOMS EXAMINATION AND CLEARANCE
OF THE NEPAL-INDIA BILATERAL TRAFFIC FROM
INDIA TO NEPAL†***

EXPORT PROCEDURE FROM INDIA TO NEPAL

The export consignments, duly sealed by the originating Indian Central Excise Officers as per rules and provisions applicable for export to Nepal”, 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 *container/break-bulk cargo traffic moving in flats/tank/covered wagons/reefer containers and Coal, Clinker, etc. in open 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 per rules and provisions applicable for export to Nepal, 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 Credit Number. . dated address of the issuing bank)”. (wherever issued) and under Letter of (if so required) issued by (name & 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/Cusotms 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

* Amended on 17 December 2008 through letter of Exchange.

†* heading amended as per the LoE dated 29 June 2021

‡* Amended as per the LoE dated 29 June 2021

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 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:-
 - (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 good with reference to Bills of Export and / or ECD and declaration give in the Nepal invoice for factory goods, and/or documents for goods under bond, and / 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. ANY AUTHORIZED CARGO TRAIN OPERATORS LICENSED BY INDIAN RAILWAYS / Railways shall provide all the necessary equipments, infrastructure and space, as required by the Indian Customs at Raxaul Railway Station

* Amended as per the LoE dated 29 June 2021

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 inbond 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, and any other agreed operational ICD/ICP/Stations in Nepal 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 and any other agreed operational ICD/ICP/Stations in Nepal the following examination procedure shall be followed: -
 - (a) On arrival of the cargo at Inland Container Depot Birgunj, and any other agreed operational ICD/ICP/Stations in Nepal 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, 2007** and any other law for the time being in force, and collection of Nepalese customs duties and such other levies/taxes as applicable.

** Amended as per the LoE dated 29 June 2021

**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 to 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)

SCHEDULE "A"

Exports from Nepal to Bangladesh

A. Primary Commodities

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"

Exports from Bangladesh to Nepal

A. Primary Commodities

1. Raw Cotton
2. Tea
3. Fish-fresh, dried and salted

B. Semi-manufactures and manufactures

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 be 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 the 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 transshipment 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 or 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 & Adress)		Bangladesh Customs office of entry.		
Exporter's (Name & Adress) Other details, if necessary:		Country of Origin. Country to which consigned.		
		Mode of transport	Port of Exit	
Mark & Seriol Nos. of Pkgs.	No. & Description of Pkgs.	Description of goods	Quantity	Value

Endorsement by Bangladesh
Customs Office of entry

Endorsements by the carries

Endorsements

Declaration

I/We declare that the goods entered herein are for export from Nepal to third countries.

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

Date & Signature

**TRANSIT DECLARATION
INVOICE (IMPORT)**

Importer's Agent (Name & Adress)			Country of Consignment	
Importer's (Name & Adress)			Country of Origin	
Ship's Name			Port of entry	
Rotation No.	Line No.	B/L No. B/L Date	Other details, if necessary	
Mode of Transport			Port of exit	
Mark & Serial Nos. of Pkgs.	No. & Description of Pkgs.	Description of goods	Quantity	Value

Endorsement by Customs House on
entry

Endorsement by the carriers

Endorsement by Bangladesh custom
officer or exit point

Endorsements

Declaration

I/We declare that the goods entered herein are for
Nepal in transit through Bangladesh."

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

Date & Signature



Government Of Nepal
Ministry of Industry, Commerce and Suppliers
Singha Durbar, Kathmandu, Nepal

Dhaka, 22 March 2021

Letter of Exchange

Designation of Rohanpur- Singhabad railway route as an additional transit route for movement of traffic-in-transit between Nepal and Bangladesh and also for third country transit-trade (Amendment of Nepal-Bangladesh Transit Agreement)

Excellency,

I have the honor to refer to the understanding reached at the Honorable Prime Minister level meeting between Bangladesh and India In January 2010 to allow Rohanpur-Singhabad broad gauge railway link as an additional transit route to Nepal. An understanding was also reached between Nepal and India, by the Letter of Exchange signed on February 19, 2013 to provide necessary overland rail transit facilities through Singhabad for the conduct of Nepal's trade with and through Bangladesh. Consequent upon these understandings, It is agreed to include Rohanpur - Singhabad as an additional entry-exit point in clause I of the Protocol to the Transit Agreement Signed between Nepal and Bangladesh on April 2, 1976, for bilateral trade between Nepal and Bangladesh as well as for the movement of Nepal's transit cargos ot and from Chittagong and Mongla Ports of Bangladesh. It is further agreed that the provision of the said Transit Agreement and as renewed thereafter from the time to time, should apply mutatis mutandis for traffic-in-transit through Rohanpur-Singhabad entry/exit point.

I have further honor to propose that this letter and Your Excellency reply there to, confirming that the above sets out correctly the understanding reached between our two Governments, shall

constitute an addendum to clause I of the protocol with reference to Article I of the Transit Agreement between Nepal and Bangladesh.

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

(Dinesh Bhattarai)
Secretary
Ministry of Industry, Commerce and Suppliers

(Dr. Md. Jafar Uddin)
Secretary
Ministry of Commerce
Government of the People's Republic of Bangladesh

AGREEMENT ON TRANSIT TRANSPORT BETWEEN THE GOVERNMENT OF NEPAL AND THE GOVERNMENT OF PEOPLE'S REPUBLIC OF CHINA

The Government of Nepal and the Government of the people's Republic of China ("the Contracting parties"),

With the desire to maintain, develop and strengthen the existing friendly relations and cooperation between the two countries;

Noting the relevant international legal instruments, especially the 1982 United Nations Convention on the Law of the SEA, recognizing that Nepal, as a land-locked country, has the right to have permanent access to and from the sea, and the right of freedom of transit, and realizing the need to facilitate the transit transport through their territories;

Considering the importance of the One Belt One Road Initiative proposed by the Government of the people's Republic of China,

Have agreed as follows:

ARTICLE I

The Contracting Parties shall provide each other with the freedom of transit across their respective territories through routes mutually agreed upon. Operational modalities including the utilization of ports, routes, conditions of transits, mode of transport and transfer of goods, customs and other necessary agreements to facilitate transit transport shall be mutually agreed upon by competent authorities of the Contracting Parties and shall be laid down in the protocol which shall be an integral part of this Agreement.

ARTICLE II

- i. Each Contracting Party shall have the right to take all indispensable measures to ensure that transit activities on its territory does not in any way infringe its legitimate interests of any kind or facilitate any transnational crimes such as stowaways, money laundering and arms smuggling.
- ii. Nothing in this Agreement shall prevent either Contracting Party from taking any measures which may be necessary for the protection of its essential security interests.
- iii. While protecting legitimate interests under this Article, the Contracting Parties shall adopt least transit and trade restrictive measures.

ARTICLE III

- i. The term “transit transport” mean traffic-in-transit which covers the passages of goods, including consigned baggage, across the territory (including territorial land, inland waters and territorial seas) of a Contracting party when the passage is apportion of a complete journey which begins to terminates within the territory of the other Contracting Party, with or without transshipment, warehousing, assembly, disassembly or change in the mode of transport. 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 reassembly.
- ii. The Contracting Parties agree to use railway rolling stock and road vehicles, vessels and other transport means agreed upon by the Contracting Parties in transit transport.

ARTICLE IV

The cargo and goods in transit transport shall be exempt from customs duties and from all transit duties, or deposits for the payments of these taxes of transit state if the customs and the relevant quarantine and inspection departments of the Contracting Parties are satisfied that the requirements for transit transport procedures are met, except reasonable charges for transportation and such other charges as are commensurate with the costs of services rendered in respect of such transit transport.

ARTICLE V

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

ARTICLE VI

Transit transport shall be subject to the procedures to be mutually agreed upon by competent authorities and subject to relevant laws and regulations prevailing in either country, as well as international treaties to which the contracting Parties are signatories. Except in cases of failure to comply with the procedures prescribed, all appropriate measures should be taken by either contracting Party to rule out avoidable delays or restrictions in such transit, such procedures may be laid down in a protocol agreed upon by competent authorities of both sides.

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 the laws of the People's Republic of China, treatment no less favorable than that accorded to ships from any other foreign country in respect of matters relating to navigation, entry into and departure from the ports of China, use of these ports and harbor facilities, except that the provisions of this Article shall not be extended to the 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 moral;
- ii. Protecting human, animal and plant life, health and security;
- iii. Safeguarding implementation of laws relating to the import and export of gold and silver;
- iv. Safeguarding state security and political, economic and social stability;
- v. Preventing the smuggling of goods; and
- vi. Safeguarding such other interests as may be mutually agreed upon.

ARTICLE IX

Nothing in this Agreement shall prevent either Contracting Party from taking any measures which may be necessary in pursuance of general international conventions, whether the Contracting Party has signed or will sign hereafter, relating to transit transport, export or import of particular kinds of articles such as narcotics and psychotropic substances, animal and plant quarantine objects or in pursuance of general international conventions intended to prevent infringement of copyright or trademark right or relating to false marks, counterfeits or other methods of unfair competitions.

ARTICLE X

In order to facilitate effective and smooth implementation of this Agreement, the Contracting Parties shall consult each other when necessary. This Agreement may be amended upon consensus reached by the Contracting Parties through consultation.

1. The modalities, routes, condition of transit, customs and other necessary arrangements may be reviewed and modified by the Contracting Parties to further facilitate the transit transport.

ARTICLE XI

Any dispute or difference which may arise in the application or interpretation of this Agreement shall be settled through consultation between the Contracting Parties.

ARTICLE XII

This Agreement shall come into force on the date of signature, remain valid for a period of ten years and be automatically renewed in every ten years unless either of the Contracting Party gives to the other a written notice, six months in advance, of its intention to terminate the Agreement.

(Done in Beijing on March 21, 2016, in duplicate in the Nepalese, English and Chinese languages, all texts being equally authentic. In case of divergence, the English text shall prevail.)

For the Government of Nepal

For the Government of
the Republic of China

PROTOCOL
BETWEEN THE GOVERNMENT OF NEPAL AND THE GOVERNMENT
OF THE PEOPLE'S REPUBLIC OF CHINA
ON IMPLEMENTING AGREEMENT ON TRANSIT TRANSPORT
BETWEEN THE GOVERNMENT OF NEPAL AND THE
GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA

The Government of Nepal (Nepal) and Government of the People's Republic of China (PR China), hereinafter to as the "contracting Parties",

Desiring to implement the "Agreement on Transit Transport between the Government of Nepal and the Government of the People's Republic of China" (hereinafter referred to as "the Agreement") signed on March 21, 2016, to develop transport between the two countries.

Have agreed as follows:

Article 1

Definition

In this Protocol:

1. "Means of transport" refers to railway vehicles, road transport vehicles, ships, vessels, and other means of transport agreed by the Contracting Parties.
2. "Competent authority" refers to:
 - (a) Ministry of Transport, on the part of the People's Republic of China
 - (b) Ministry of Industry, Commerce and Supplies, on the part of Nepal.

Article 2

Ports and Routes

1. The People's Republic of China allows Nepal to use open sea ports for handling its traffic-in-transit. The list of sea ports to be used by Nepal is attached in Appendix I Which may be reviewed by the Joint Consultation Mechanism referred to in Article 14 of this protocol.
2. The people's Republic of China allows Nepal to use open dry ports for handling traffic-in-transit. The list of dry ports to be used by Nepal is attached in Appendix II which may be reviewed by the Joint consultation referred to in Article 14 of this protocol.
3. The border ports between Nepal and China for transit transport are attached in Appendix III.

4. The PR China allows the movement of vehicles registered in Nepal which hold the permits issued as per Article 6 of this protocol to transport transit cargo between Nepal border points and Rikaze dry port.
5. The transit routes to be provided to China by Nepal are to be decided through future consultation between the two sides upon adequate development of transport infrastructure in Nepal.

Article 3

Means of Transport

The means of transport for the movement of traffic-in-transit by road as defined in Paragraph I of Article I of this protocol shall meet the conditions required by the competent authorities and hold the permits issued as per Article 6 of this protocol.

Article 4

Facilities

The provision of transit facilities shall be in accordance with applicable international instruments customs and agreements facilities for traffic in transit shall include railways; channels, berthing facilities and docks for cargo ships; multi-modal transport or transshipment; terminal handling equipment; warehouses or sheds for storages of transit goods awaiting customs clearance before onward transmission.

Article 5

Contraband

The contraband items prohibited from transportation by either party shall not be allowed in traffic-in-transit.

Article 6

Road Transit Transport

1. Transit transport operators shall be any natural or legal person registered in the territory of either Contracting Party having acquired transit transport in the territory of such Contracting Party.
2. The number of transit transport permits required for a year shall be determined by the competent authorities as per need of the relevant Contracting Party through consultation every year. The permits shall be exchanged between the two Competent Authorities and delivered to the transport operators by the competent Authority of the Contracting Party or by a body designated by such competent Authority
3. The permits issued under this protocol shall be used and remain valid for one (entry-exit) journey unless otherwise stated in the permit. The permits shall be valid from issue until 31 January of the successive calendar year.
4. Transit transport permits are owned by the transit transport operators for which the

permits are issued. The permits shall not be used by, and are not transferable to, other transport operators.

5. Cabotage is forbidden in the territory of the relevant Contracting Party other than those services, facilities, condition and modalities specified in this cabotage.
6. Vehicles used for transit transport shall meet the applicable national standards of the relevant contracting Party with respect to safety and environment and the customs regulatory requirements. Vehicles for international transport operation shall have the license plates, nationality identification marks and safety technology verification signs or certificates registered in their respective countries.
7. The permissible maximum weight, axle. Weight and dimension of vehicles must not exceed those stated in the relevant legal provisions and technical standards of the relevant Contracting Party. In case of exceeding the permissible limit in terms of weight and dimension due to the indivisibility of the load, an authorization is required from the competent authority of the relevant contracting Party beforehand.
8. Transit transport operators of relevant Contracting Party transporting dangerous goods shall obtain special permits issued by the Competent Authority of the other Contracting party and the routes must be specified in the permits... Vehicles varying dangerous goods must be equipped in accordance with the requirements of the national legislations or applicable international conventions, and are required to be labelled with dangerous goods placards and marks.
9. Drivers engaged in transit transport operations shall possess valid driving license in accordance with the vehicle category and vehicle registration certificate and their translated documents specified in this protocol shall be kept in the vehicle and be produced in demand by the competent authority of either Contracting Party.

Article 7

Other Modes of Transit Transport

Transit transport operators from one Contracting Party may use railways, ports, inland water ways and other modes of transport in the territory of the other Contracting Party to carry out the movement of transit transport. Such transit transport shall be in accordance with the laws and regulations of the relevant Contracting Party.

Article 8

Costs and Fees

The cargo and goods in transit transport shall be exempted from Customs duties and from all transit duties, or deposits for the payments of these taxes of transit state if the customs and the relevant quarantine and inspection departments of the Contracting Parties are satisfied that the requirements for transit transport procedures are met, except reasonable charges for transportation and such other charges as are commensurate with the costs of services rendered in respect of such transit transport.

Article 9

Transit Transport Procedures

Transit transport operators shall follow the transit transport procedures of the Customs agency of the Contracting Party in regard to submitting or transmitting of all necessary transit documents, including cargo lists, information/data of transport means, prior to arrival of the cargo.

Article 10

Facilitation

1. Facilitation for traffic-in-transit shall be extended between authorities of the contracting parties, according to the laws and regulations of the applicable international instruments.
2. Priority shall be given to traffic-in-transit containing animal and perishable goods in extending facilitation by Border Security, Customs, Transport Administration and Sanitary Agencies upon application.

Article 11

Treatment to Traffic-in-transit

1. No discrimination shall be made to traffic-in-transit of relevant Contracting party by any mode of transport on the basis of flag of vessel, ownership of goods, ownership of vessels, place of origin, departure, entry, exit or destination or nay other ground.
2. Exemption of technical standards and conformity assessment for traffic-in-transit shall be in accordance with laws and regulations of the relevant contracting party in conformity with the applicable international instruments.

Article 12

Application of Law

Transit transport operators shall abide by traffic rules, compulsory insurance for traffic accident and other laws and regulations of the relevant Contracting party and comply with applicable international instruments and other bilateral and multilateral agreement to which both Contracting Parties are party to.

In the event of traffic accident involving a transport vehicle registered in the states of both contracting parties, it shall be dealt in accordance with the relevant provisions of the country in which the accident occurred and the competent authorities of the other party shall assist in providing the necessary information for the investigation of the cause of the accident.

Article 13

Punishment and Notification

Transit transport operator of one Contracting Party violating the transit transport related laws and regulations of the other Contracting party shall be liable to punishment as per the laws of the Contracting Party where the action occurred. In such case, the Contracting Party shall notify the action taken to the other Contracting Party.

Article 14

Joint Consultation Mechanism

1. A Joint Consultation Mechanism (JCM) at the level of Vice- Minister in the Ministry of Transport of the People's Republic of China and the Secretary at the Ministry of Industry, Commerce and Supplies of the Government of Nepal shall be established to review the implementation status of the Agreement and this protocol, to discuss and resolve the issues forwarded by the Joint Consultative Sub- Committee (JCSC) specified in Paragraph 2 of this Article, to mandate JCSC to work out on particular technical matter, and to conduct negotiations on other issues pertaining to the Agreement and this Protocol.
2. The JCSC shall be constituted at the level of Joint Secretary/Director General of the aforesaid Ministries of the two Governments with members from relevant Ministries/ Agencies dealing with foreign affairs, Customs, public security/ home affairs, transport, and quarantine and so on. A local level mechanism shall be formed under the JCSC to deal with day-to-day issues regarding the implementation of this Protocol.
3. The JCSC shall review modalities, routes, conditions of transit, Customs and other necessary arrangements, conduct technical consultations, discuss transit transport related issues and recommend to the JCM for modifications and revisions of the agreement and this protocol with a view to further facilitating transit transport.
4. The JCM and JCSC shall meet at least once a year or as deemed necessary, alternatively in Nepal and the people's Republic of China. The JCSC shall schedule such meeting at least three months before the JCM meeting.

Article 15

Entry into Force and Duration of the Protocol

1. This protocol shall enter into force on the first day of the next month following the day of the receipt of the later notification in writing through diplomatic channel, by which the Contracting Parties shall notify each other on the completion of internal procedures necessary for entry into force of this Protocol.
2. This protocol shall remain valid in accordance with the validity of the Agreement.
3. This protocol does not affect the rights and obligations arising from the other international instruments to the Contracting parties.
4. Done at Beijing on 29 April 2019 in Nepali, English and Chinese, each text being

equally authentic. In case of any divergence in interpretation, the English version shall prevail.

For the Government of Nepal

For the Government of the
People's Republic of China

Appendix I

The list of sea ports in China to be used by Nepal is as Follows:

1. Tianjin
2. Shenzhen
3. Lianyungang
4. Zhanjiang

Appendix II

The list of dry ports in China to be used by Nepal for traffic-in- transit is as follows:

1. Lanzhou
2. Lasa
3. Rikaze

Appendix III

1. Rasuwa-Jilong
2. Kodari-Zhangmu
3. Kimathanka-Chentang
4. Nechung-Lizi
5. Yari-Pulan
6. Olangchung Gola- Riwu

Chentang, Lizi and Riwu shall be used after formal opening.

**AGREEMENT BETWEEN
THE GOVERNMENT OF NEPAL AND GOVERNMENT OF
THE PEOPLE'S REPUBLIC OF CHINA
ON MANAGEMENT OF PORTS IN NEPAL-CHINA BORDER
AREAS**

The Government of Nepal and the Government of the people's Republic of China (hereinafter referred to as the "two parties") desiring to further consolidate and develop the traditional good neighborly and friendly relations between the people of the two countries, and promote the bilateral trade and movement of people between the two countries, have agreed as follows based on the principle of equality and mutual benefit:

Article 1

In this Agreement the two Parties use the terms as follows:

1. The term "Ports" means the designated regions that are located on the two sides of the Nepal-China border, supervised and managed by the designated authorities, and that serve as channels for entry and exit of people, vehicles, cargos and goods. Ports include bilateral Ports and international Ports.

Bilateral Ports are the Ports that allow entry and exit of people, vehicles, cargos and goods of the two Parties, International Ports are the Ports that allow entry and exit of people, vehicles, cargos and goods of the two Parties and third countries and regions.

2. The term "border areas" means countries or districts on the two sides of the Nepal-China border.
3. The term "border inhabitants" means permanent residents of either country living in the border areas.
4. The term "Force Majeure" means an event that is unforeseeable, inevitable, and insuperable and beyond the control of the two Parties, which may prevent a Party from complying with any of its obligations under this Agreement or may require a Party to make any other alternative arrangement to respond to the event.
5. The term "inspection offices at the Port" means border control, customs, inspection and quarantine departments of the Chinese side and customs, immigration, food inspection and quarantine offices and security agencies of the Nepalese side.
1. The two Parties shall upgrade the following existing trading points into the Ports in Nepal-China border areas:

Chinese side

Pulan

Lizi

Jilong

Zhangmu

Riwu

Chentang

Nepalese side

Yari

Nechung

Rasuwa

Kodari

Olangchung Gola

Kimathanka

2. The location and type of the Ports listed in Paragraph 1 above shall be as defined in the Annex hereto. The two Parties shall agree, through exchange of diplomatic notes, when adequate infrastructures are in place and internal procedures are completed, on the full operationalization of the above-mentioned Ports which have not been fully operationalized yet. The opening duration and working hours of the Ports shall be agreed through consultations between the administrative authorities of the two Parties where the Ports are located or through the Ports contact mechanism, subject to confirmation by the two parties.
3. The two parties shall consult on the opening of new Ports or closing of existing, Ports through exchange of diplomatic notes between the two Parties. Such notes shall be an integral part of this Agreement.
4. Changes in the location and type of the existing ports shall be agreed through exchange of diplomatic notes between the two parties. Such notes shall be an integral part of this Agreement. Changes in the opening duration and working hours of the ports shall be agreed through consultation between the administrative authorities of the two parties where the ports are located or through the ports contact mechanism, subject to confirmation by the two parties.
5. In case of force Majeure or other special needs, the two parties may open temporary ports. The opening of temporary ports shall be agreed by the two Parties and confirmed through exchange of diplomatic notes. People, vehicles, cargos and goods waiting for entry or exit shall comply with the procedures as required by the local laws or the bilateral agreements in force between the two Parties.

Article 3

1. Citizens of either country who wish to travel through the Ports shall hold valid passports or other travel documents that are recognized by the two Parties, and abide by the agreements on international traveling between the two countries. Citizens of a third country who wish to travel through the Ports shall hold valid passports or other valid travel documents, and comply with the regulations on international traveling of both countries and bilateral agreements or international treaties to which both the countries are parties.
2. Border inhabitants of the two Parties may enter or exit with exit-entry passes of Nepal-China border areas. The exit- entry passes of Nepal-China Border areas shall be issued

and used in accordance with the Agreement between the Government of the People's Republic of China and the Government of Nepal on Trade and Other Related Matters between the Tibet Autonomous Region of China and Nepal, Signed in 2002.

Article 4

During the working hours of the ports, the inspection offices at the ports of either Party shall exercise their power in accordance with the laws and regulations of their respective country. People, vehicles, cargos and goods shall be subject to inspection by the relevant departments, offices or agencies of the two Parties. The two Parties or the inspection offices at the Ports of the two Parties may agree on working arrangement for simplifying the inspection procedures as and when necessary.

Article 5

1. Ports that are officially opened in either side shall not be closed during the official holidays of either party unless there is special agreement otherwise.
2. In case one Party needs to open the Ports temporarily under special circumstances, it shall notify the other Party through diplomatic channels at least 5 days in advance, or no less than 24 hours in case of emergency, and reach agreement in this regard with the latter through consultation. Either Party shall notify the other Party through diplomatic channels of the closure of Ports that have been opened temporarily and get the other Party's confirmation in that regard.
3. In order to maintain social and public interests and safeguard national security, or as a result of Force Majeure, either Party may close Ports temporarily or limit passage through the Ports, but it shall notify the other Party 5 days, or 24 hours in emergency in advance. Either Party shall notify the other Party through diplomatic channels of reopening of the Ports that have been closed temporarily or lifting restrictions on passage and get the other Party's confirmation ion that regard.
4. Neither Party shall close ports without the prior consent of the other party, except in the situations prescribed in Paragraph 3 of this Article. If either Party closes Ports without the other Party's prior consent and such closure causes loss to the other Party, the two Parties shall settle their disputes through diplomatic channels.

Article 6

The two Parties shall strengthen the construction of infrastructure and inspection facilities of the Ports, improve the passage conditions and enhance the capacity of passage. The future development needs of the Ports shall be considered while designing and constructing the port facilities.

Article 7

In order to ensure the effective implementation of this Agreement, the two Parties may establish the following mechanism:

- (a) The competent authorities as designated by the two Parties or the local authorities/ agencies may be the leading agencies of the cooperation mechanism. They shall coordinate with each other and work out, through study, measures to increase efficiency and carry out their communication.
- (b) The inspection offices at the Ports of the two Parties may create counterpart contact mechanism to hold meetings and communications.

Article 8

This Agreement shall not affect the rights and obligations of the two Parties arising from other international treaties that they have concluded and are still in force.

Article 9

The two Parties shall settle all differences that may arise concerning the interpretation or application of this Agreement through diplomatic channels.

Article 10

This Agreement may be amended or modified, during its period of validity, by mutual agreement of the two Parties.

Article 11

This Agreement shall enter into force on the date of signature, and remain in force for a period of 10 years.

This Agreement shall be renewed automatically every successive 10 years unless either Party requests its termination by serving the other Party a written notice 6 months prior to the date of expiration.

Done in Kathmandu on 14 January 2012, in duplicate in the Nepali, Chinese and English languages, all texts being equally authentic. In case of divergence, the English text shall prevail.

For the Government of Nepal

For the Government of the
People's Republic of China

Annex

The Location and Type of Nepal-China Ports

1. Pulan-Yari Port

One side of the Port is Pulan Town, Pulan Country, Tibet Autonomous Region of China, and the other side is Hillsa Village, Humla District of Nepal.

It is an international port.

2. Jilong-Rasuwa Port

On the side of the Port is Jilong Town, Jilong country, Tibet Autonomous Region of China, and the other side is Rasuwagadhi village, Rasuwa District of Nepal.

It is an international port.

3. Zhangmu-Kodari Port

One side of Port is Zhangmu Town, Nielamu contry, Tibet Autonomous Region of China, and the other side is Tatopani Village Sindhupalchowk district of Nepal.

It is an international port.

4. Riwu-Olangchung Gola Port

One side of the Port is Riwu Town, Dingjie country, Tibet Autonomous Region of China, and the other side is Olangchung Gola village, Taplejung District of Nepal.

It is a bilateral port.

5. Lizi-Nechung Port

One side of the port is Zhongba Country, Tibet Autonomous Region of China, and the other side is Kimathanka Village, Sankhuwasabha District of Nepal.

It is bilateral port.

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 our 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

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

Section 1: 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;
- (c) 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;
- ii) goods obtained through processing in the beneficiary country of goods set out in paragraph (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:

where:	FOB Value of the Non-originating Materials	x100%
	ad valorem percentage =	
	FOB	

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. The 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.

Rule 10

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 Trans shipment or temporary storage of up to 3 months in such country or region:
 - (1) The goods do not enter into trade or consumption there; and
 - (c) The goods do not undergo any operation there other than unloading and reloading or any other operation required to keep them in good condition.
 - (d) 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 county 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 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 cannot 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:				CERTIFICATE OF ORIGIN		
3. Consignee (full name, address and country):				DUTY-FREE TREATMENT		
				Granted by		
				China (Combined		
				Declaration and		
				Certificate)		
				Issued in _____		
				(See		
				Instruction Overleaf)		
4. Means of transport and route (as far as known) Departure date Vessel /Flight/ Train/Vehicle No. Port of loading Port of discharge				For official use only:		
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	12. Number, date of invoice and invoiced
					measures (liters, m ³ , etc)	value

<p>13. Declaration by the exporter The under signed here by declares that the above details and statements are correct, that all the goods were produced in</p> <p>(country) and that they comply with the origin requirements specified for these goods under the Duty-Free Treatment exported to China.</p> <p>.....</p> <p>Place and date, signature of authority signatory.</p>	<p>14. Certification It is hereby certified, on the basis of control carried out, that the declaration by the exporter is correct.</p> <p>.....</p> <p>Place and date, signature and stamp of issuing body.</p>	<p>15. Customs verification This is to certify that the goods declared for exportation correspond to what is stated under this certificate</p> <p>.....</p> <p>Place, date, signature and stamp of exporting customs authority.</p>
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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 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 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.

**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 counties 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 paragraph 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.

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 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
BETWEEN HIS MAJESTY'S GOVERNMENT OF NEPAL AND
THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF 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 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 Communication of the People's Republic of China, the Ministry of Republic Security of the people's Republic of China and the authorised department of Communications of Xizang (Tibet) and the authorized Department of Public Security of Xizang (Tibet).

2. In the said 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 authorization envisaged in Article 3 of the Agreement does not exempt carriers 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

**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 licenses 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 favored 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 wither 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.L.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 FOB 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 in to 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 there-from 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 31st 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 22nd day of November, 1981 in duplicate in the Nepalese, Chinese and English languages, all the three texts being equally authentic.

Sd For His Majesty's Government of Nepal	Sd For the Government of the People's Republic of China
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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

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

AGREEMENT TO MAINTAIN THE FRIENDLY RELATIONS
BETWEEN CHINA AND NEPAL AND ON TRADE AND
INTERCOURSE BETWEEN
THE TIBET REGION OF CHINA AND NEPAL
2000/11/15

The Government of the People's Republic of China and the Government of the Kingdom of Nepal, Being desirous of further developing the friendly relations between the two countries as good neighbours on the basis of the long-standing friendship between the two peoples, Reaffirm that the five principles (Panch Shila) of

- Mutual respect for each other's territorial integrity and sovereignty,
- Non-aggression,
- Non-interference in each other's internal affairs for any reasons of an economic, political or ideological character,
- Equality and mutual benefit, and
- Peaceful co-existence,

Should be the fundamental principles guiding the relations between the two countries. The two Parties have resolved to conclude the present agreement in accordance with the above- mentioned principles and have for this purpose appointed as their respective plenipotentiaries:

The Government of the People's Republic of China, His Excellency Pan Txu-li, Ambassador Extraordinary and Plenipotentiary of the People's Republic of China to the Kingdom of Nepal: the Government of the Kingdom of Nepal, His Excellency Chuda Prasad Sharma, Minister for foreign Affairs of the Kingdom of Nepal, who, having examined each other's credentials and finding them in good and due form, have agreed upon the following:

ARTICLE 1

The High Contracting Parties declare that peace and friendship shall be maintained between the People's Republic of China and the Kingdom of Nepal.

ARTICLE 2

The High Contracting Parties hereby reaffirm their decision to mutually exchange diplomatic representatives on ambassadorial level.

ARTICLE 3

All treaties and documents which existed in the past between China and Nepal including those between the Tibet Region of China and Nepal are hereby abrogated.

ARTICLE 4

In order to maintain and develop the traditional contacts between the peoples of the Tibet region of China and Nepal the High Contracting Parties agree that the nationals of both Parties may trade, travel and make pilgrimage in those places in each other's territory as agreed upon by both Parties, and the two Parties agree to safeguard the proper interests of the nationals of the other Party in its territory in accordance with the laws of the country of residence, and for this purpose the High Contracting Parties agree to do as follows:

Paragraph I

The High Contracting Parties mutually agree to establish Trade Agencies;

The Chinese Government agrees that the Government of Nepal may establish Trade Agencies at Shigatse, Kyerong and Nyalam;

The Government of Nepal agrees that the Chinese Government may establish an equal number of Trade Agencies in Nepal, the specific locations of which will be discussed and determined at a later date by both Parties,

The Trade Agencies of both Parties shall be accorded the same status and same treatment. The Trade Agents of both Parties shall enjoy freedom from arrest while exercising their functions, and shall enjoy in respect of themselves, their wives and their children who are dependent on them for livelihood freedom from search.

The Trade Agencies of both Parties shall enjoy the privileges and immunities for couriers, mail-bags and communications in code

Paragraph II

The High Contracting Parties agree that traders of both countries may trade at the following places.

The Chinese Government agrees to specify (1) Lhasa, (2) Shigatse (3) Gyantse and (4) Yatung as markets for trade;

The Government of Nepal agrees that when with the development of Chinese trade in Nepal, it has become necessary to specify markets for trade in Nepal, the Government of Nepal will specify an equal number of markets for trade in Nepal;

Traders of both countries known to be customarily and specifically engaged in border trade between the Tibet Region of China and Nepal may continue trade at the traditional markets for such trade.

Paragraph III

The High Contracting Parties agree that pilgrimage by religious believers of either country

to the other may continue according to religious custom. Personal baggages and articles used for pilgrimage carried by the pilgrims of either Party shall be exempted from taxation by the other Party.

Paragraph IV

For travelling across the border between the Tibet Region of China and Nepal, the High Contracting Parties agree that the nationals of both countries shall use the customary routes.

Paragraph V

For travelling across the border by the nationals of the two countries, the High Contracting Parties agree to adopt the following provisions:

Diplomatic personnel and officials of the two countries and nationals of the two countries except those provided by Sub- paragraphs 2, 3 and 4, who travel across the border between the Tibet Region of China and Nepal, shall hold passports issued by their respective countries and visaed by the other Party. Nationals of the two countries who enter the Tibet Region of China or Nepal through a third country shall also hold passports issued by their respective countries and visaed by the other Party.

Traders of the two countries known to be customarily and specifically engaged in trade between the Tibet Region of China and Nepal, their wives and children dependent on them for livelihood and their attendants, not covered by Sub-paragraph 3 of this Paragraph, who enter into the Tibet Region of China or Nepal as the case may be for the purposes of trade, shall hold passports issued by their respective countries and visaed by the other Party, or certificates issued by their respective Governments or by organs authorized by their respective Governments.

Inhabitants of the border districts of the two countries who cross the border to carry on petty trade, to visit friends or relatives, or for seasonal changes of residence, may do so as they have customarily done heretofore and need not hold passports, visas or other documents of certification.

Pilgrims of either Party who travel across the border between the Tibet Region of China and Nepal for the purposes of pilgrimage need not hold passports, visas or other documents of certification, but shall register at the border checkpoints or the first authorized government office of the other Party, and obtain permits for pillarimage therefrom.

Notwithstanding the provisions of the foregoing Sub-paragraphs of this Paragraph, either Government may refuse entry to any particular person.

Nationals of either country who enter the territory of the other Party in accordance with the foregoing Sub-paragraphs of this Paragraph may stay within the territory only after complying with the procedures specified by the other Party.

ARTICLE 5

This Agreement shall be ratified. It shall come into effect after mutual notice of ratifications,

and remain in force for eight (8) years. Extension of the present Agreement may be negotiated by the two Parties if either Party requests for it six (6) months prior to the expiry of the Agreement and the request is agreed to by the other Party

Done in Kathmandu on the 20th day of September, 1956 in duplicate in the Chinese, Nepalese and English languages, all text being equally authentic.

(Signed)

Pan Tzu-li

Plenipotentiary of the Government of
the People's Republic of China

(Signed)

Chuda Prasad Sharma

Plenipotentiary of the Government of the
Kingdom of Nepal

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July 2024

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

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

(Updated up to July 2024)



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July 2024