

**TREATY¹ OF TRANSIT BETWEEN THE
GOVERNMENT OF INDIA AND HIS
MAJESTY'S GOVERNMENT
OF NEPAL
New Delhi, 17 March 1978**

The Government of INDIA

AND

His Majesty's Government of NEPAL,

HEREINAFTER also referred to as the Contracting Parties,

ANIMATED by the desire to maintain, develop and strengthen the existing friendly relations and cooperation between the two countries,

RECOGNISING that Nepal as a land-locked country needs access to and from the sea to promote its international trade, and recognising the need to facilitate the traffic in transit through their territories,

HAVE resolved to conclude a Treaty of Transit, and

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

For the Government
of India

Shri MOHAN DHARIA,
Minister of Commerce,
Civil Supplies and Cooperation

For His Majesty's Government
of Nepal

Shri PITAMBER DHOJ KHATI,
Minister of Commerce
and Industry

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

1. Came into force on 25 March 1978.

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

Article IV

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

Article V

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

Article VI

Traffic in transit shall be subject to the procedure laid down in the Protocol 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 delay or restrictions.

Article VII

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

Article VIII

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

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

Article IX

Nothing in this Treaty shall prevent either Contracting Party from taking any measures which may be necessary in pursuance of general international conventions, whether already in existence or concluded hereafter, to which it is a Party relating to transit, export or import of particular kinds of articles such as opium or other dangerous drugs or in pursuance of general conventions intended to prevent infringement of industrial, literary or artistic property or relating to false marks, false indications of origin or other methods of unfair competition.

Article X

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

Article XI

This Treaty shall come into force on 25th March, 1978 and shall remain in force for a period of seven years. It may be renewed for a further period of seven years by mutual consent, subject to such modifications as may be agreed upon.

DONE in duplicate in Nepali, Hindi and English languages, all the texts being equally authentic, at New Delhi on the 17th day of March, 1978. In case of doubt, the English text will prevail.

Sd/-
For the Government
of India

Sd/-
For His Majesty's
Government of Nepal

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

I. With reference to Article V :

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

"A" Shed Kidderpore	Covering approximately
Docks	3135 sq. metres.
Shed No. 25,	Covering approximately
Kidderpore	4424 sq. metres on the first floor.
Calcutta Jetty	Ground floor.
Shed No. 8	
 - (ii) OPEN SPACE

Open land Circular	Covering approximately
Garden Reach Road	4332 sq. metres.

- (iii) The Government of India will arrange with the Trustees for the Port of Calcutta to make suitable land in Haldia available for the construction of facilities for the storage of transit cargo on usual terms of the Port Trust and for the maximum period of lease possible. The Government of India will also arrange with the Trustee for the Port of Calcutta to bring this land within the customs boundary at Haldia Docks.
2. The above storage facilities shall be given on lease by the Trustees of the Port of Calcutta (hereinafter referred to as the Trustees) to an Undertaking incorporated in accordance with the relevant Indian laws and designated by His Majesty's Government of Nepal for this purpose (hereinafter referred to as the lessee).
 3. The terms of the leases 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 berth No. 25 shall be assigned by Calcutta Port Trust as a preferential berth to the lessee on commercial terms as applicable from time to time to Shipping Lines of India, if such a lease is finalised within six months of the signing of the Treaty. If, however, this option is not exercised within this period, charter vessels carrying traffic in transit of Nepal may be assigned to 25 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 would 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 Collector of Customs, Calcutta, shall consider favourably in accordance with the relevant provisions of the laws and regulations, the request of the lessee for a custom house agent's licence for the clearance at the Port of Calcutta of traffic in transit from and to Nepal. If a licence is also required from the Port of Calcutta for this work, Calcutta Port Trust will also consider the

application favourably in accordance with the relevant provisions of their bye-laws/regulations.

9. The owner of goods or the lessee, if authorised by owner, may under the supervision of the proper officer of the Indian Customs :
- (i) inspect the goods,
 - (ii) separate damaged or deteriorated goods from the rest,
 - (iii) sort the goods or change their containers for the purpose of preservation for onward transmission,
 - (iv) deal with the goods and their containers in such a manner as may be necessary to prevent loss or deterioration or damage to the goods.
10. The warehouses shall function during the normal working hours under the supervision of officers to be provided by the Calcutta Custom House. Where, however, such functioning is necessary outside the office hours, officers for supervision would be provided by the said Custom House on payment of the prescribed fees.

II. With reference to Article VI :

1. All traffic in transit shall :

(i) pass only through the following routes:

- | | |
|--------------|-----------------------|
| (a) Calcutta | Galgalia |
| (b) Calcutta | Jogbani |
| (c) Calcutta | Bhimnagar |
| (d) Calcutta | Jayanagar |
| (e) Calcutta | Raxaul |
| (f) Calcutta | Nautanwa |
| (g) Calcutta | Barhni |
| (h) Calcutta | Nepalganj Road |
| (i) Calcutta | Gauri-Phanta |
| (j) Calcutta | Banbasa |
| (k) Calcutta | Tikonia |
| (l) Calcutta | Jarwa |
| (m) Calcutta | Bhitamore (Sitamarhi) |

Provided that :

- (a) These routes may be discontinued or new ones added by mutual agreement;
 - (b) Bulk traffic such as fertilisers, cement etc. moving by rail shall pass through Calcutta/Narayanpur Anant route or any other agreed route subject to prior intimation being given to Customs as and when such movements are anticipated.
 - (ii) Comply with the procedure as set out in the memorandum annexed hereto;
 - (iii) Comply with any other detailed regulations which may be prescribed through mutual consultation by the Contracting Parties in keeping with the nature of the commodity and the need for expeditious movement and the safety of transport.
2. Wherever enroute 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 removal in transit to Nepal while in the process of removal to or from the warehouses or other storage places that may be leased out in Calcutta Port for the storage of such goods and also while in storage or under the process of packing, sorting and separation etc., in such warehouses or places, shall be subject to relevant Indian laws and regulations.
 4. The procedure in the foregoing paragraphs shall apply mutatis mutandis to road transport with the following modifications :
 - (a) Arms, ammunition and hazardous cargo shall not be allowed to be transported by road.

NOTE : With reference to hazardous cargo exception could be permitted as may be mutually agreed.

- (b) The truck shall have a pilfer-proof container conforming to specifications to be mutually agreed upon which is capable of being locked and sealed. The containers shall be locked by the locks of Indian Customs.
- (c) The individual packages shall be sealed by Indian Customs.
- (d) Conditions at (b) and (c) above shall not apply to non-sensitive bulk items as may be mutually agreed upon.
- (e) Sealing of individual packages may be dispensed with when

they are imported packed in recognised containers, provided the entire contents of the container are consigned to the same consignee and container is sealed and the provision of (b) above is complied with.

- (f) If the truck breaks down, the nearest Customs Officer shall be approached with least possible delay.
 - (g) Any other mutually agreed modifications that may be considered necessary from time to time in respect of the procedure for road transport operation.
5. Respecting each other's relevant laws, it is agreed that the Contracting Parties will take all steps to prevent deflection of their mutual trade to third countries and to ensure compliance with the procedure for the transit of goods across their territories.
6. In order to facilitate the movement of traffic-in-transit, additional means of transport and facilities, mutually agreed upon, may be added.

MEMORANDUM

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

Import Procedure

When goods are imported from third countries for Nepal in transit through India, the following procedure shall be observed at the Indian port of entry (hereinafter called the Customs House):

1. (a) Transit of consumer goods and specialised materials for consumer goods imported for Nepal shall be allowed against import licences issued by HMG.
- (b) In case of goods other than those referred to in (a) above, the Royal Nepalese Consul General or Consul at Calcutta shall furnish the following certificate on the Customs Transit Declaration :

"I have verified that the goods specified in this Declaration and of the quantity and value specified herein have been permitted to be imported by His Majesty's Government of Nepal under Licence No.

No. _____
_____ "

Dated _____

NOTE I. His Majesty's Government will arrange to supply through the Indian Embassy at Kathmandu to the Collectors of Customs concerned, the specimen signature of official/officials who sign His Majesty's Government's import licences. It will also arrange to have one copy each of import licences issued by it for such goods, sent direct to the Collector of Customs concerned.

NOTE II. This requirement will not apply in case of goods for the import of which in to Nepal no licence is required under the laws of HMG of Nepal.

2. At the Customs House, the Importer or his agent (hereinafter referred to as the importer) shall present a Customs Transit Declaration containing the following particulars :

- (a) Ship's name, Rotation No. and Line No.
- (b) Name and address of the Importer.
- (c) No., Description, marks and Serial Nos. of the packages.
- (d) Country of consignment, origin, if different.
- (e) Description of goods.
- (f) Quantity of goods.
- (g) Value of goods.
- (h) HMG's import licence No. and Date.
- (i) Route of transit.
- (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 therein 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 Nepal Import Licence wherever required, shall be presented to the Customs House. The copy of the Nepal Import Licence so presented shall be compared by the Customs House with the copy received directly from HMG of Nepal.

4. Consumer goods and specialised materials for consumer goods must be removed to Nepal sheds within free time, if not already put in wagons. An authorisation with removal, instructions of

the owner for the purpose shall be necessary for removal. Government of India will arrange with the Trustees of the Port of Calcutta to increase the free time for Nepal's transit cargo to 7 days.

5. The Customs House shall make a percentage examination of the goods to check whether the goods are in accordance with the Customs Transit Declaration and conform to the import licence wherever such licence is required. Goods for Nepal as covered by the said licence 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 percentage examination referred to here means that a percentage of the total packages in a consignment will be selected for examination and not that a percentage of the contents of every one of the packages comprised in the consignment will be examined.

6. The goods shall be transported from the Customs Port of entry to the border post in closed railway wagons or in pilfer-proof containers (to be provided by the importer) which can be securely locked. The containers or wagons, as the case may be, shall be locked and duly sealed after the above examination. Individual packages in such wagons or containers shall not be sealed except where consumer goods or specialised materials for consumer goods are being transported or where the goods are to go Nepal by a route where the railway line does not reach upto the last town of the border.
7. Where goods cannot be transported in closed wagons and have to be transported in open wagons or flats, detailed identifying particulars shall be recorded in the Customs Transit Declaration.
8. "Small" consignments or traffic transit will be accepted for booking by railway from one of the agreed warehouses leased to Nepal Transit and Warehousing Corporation provided the minimum load condition as applicable in Indian Railways is satisfied.
9. The goods shall be covered by an insurance policy and/or such legally binding undertaking to the satisfaction of the Collector of Customs, Calcutta, in the manner indicated below :
 - (a) Goods moving by rail upto the border shall be covered by an insurance policy for an amount equal to the Indian Customs duty on such goods. This policy shall be assigned to the Collector of Customs, Calcutta, and the amount shall become

payable to the Collector in the event of the goods not reaching Nepal.

- (b) Goods moving by road in trucks belonging to Nepal Transit & Warehousing Corporation, or Nepal Transport Corporation shall be covered by an insurance policy for an amount equal to the Indian Customs duty on such goods. This policy shall be assigned to the Collector of Customs, Calcutta, and the amount shall become payable to the Collector in the event of the goods not reaching Nepal. In addition, Nepal Transit and Warehousing Corporation shall give an undertaking to the Collector of Customs, Calcutta, to pay the difference between the market value of goods in India and their c.i.f. value plus Indian Customs duty in the event of the goods not reaching Nepal.
- (c) Goods moving by road in trucks other than those mentioned at (b) above shall be insured for an amount equal to the difference between the market value of the goods in India and their c.i.f. value. This policy shall be assigned to the Collector of Customs, Calcutta, and the amount shall become payable to the Collector in the event of the goods not reaching Nepal.

NOTES :

- 1. In respect of goods belonging and consigned to His Majesty's Government of Nepal under (a) and (b) above no insurance shall be required provided an undertaking or a further undertaking, as the case may be, is given by Nepal Transit and Warehousing Corporation in lieu of such insurance.
 - 2. No such requirement will be necessary in respect of goods carried by air without transshipment enroute or in such cases as may be mutually agreed upon.
 - 3. In the event of goods carried by rail not reaching the booked destination, Indian Railways shall, where liable as carriers under the Indian Railways Act, pay the c.i.f. price to the importer.
10. After the Customs House is satisfied as regard 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 quadruplicate shall be retained by the Customs House. In order to avoid delay in postal transmission, duplicate and triplicate

copies of the C.T.D. along with copy of the original railway receipt shall be handed over to the importer or his authorised 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 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, particularly at the point of railway transshipment from broad-gauge to metregauge.
12. On arrival of goods in transit at the border railway station, the sealed wagons or the sealed containers, as the case may be, shall be presented to the Indian Customs Officer at the station, who shall examine the seals and locks and, if satisfied, shall permit the unloading or breaking of bulk, as the case may be, under his supervision. The importer shall present the original copy of the Customs Transit Declaration duly endorsed by the Indian Custom House of entry, to the Indian Customs Border Officer, who shall compare the original copy with the duplicate and triplicate received by him and will, in cases where the seals and the locks on the wagons or containers and on the packages where required under para 6 are intact, identify the packages with the corresponding Custom Declaration and, if satisfied, will endorse all the copies of the Declaration. In cases where the seals and locks on the wagons or on the containers or on the packages are not intact, or there is suspicion otherwise, he may examine the contents. The goods shall be delivered by the railway only after clearance as above by the Indian Custom Officer at the border 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 Officer posted right at the border, such officer will certify on the copies of the Customs Transit Declaration that the 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 Officer 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 despatch of goods.
15. The Nepalese Customs Officer shall :
 - (i) endorse a certificate over his signature and authenticate it under customs stamp on the original copy of the Nepal import licence, if any, and the Customs Transit Declaration that the packages correspond in all respects with the particulars shown in the declaration and in all material respects with Nepal import licence and that the goods have been cleared from Nepalese Customs custody for entry into Nepal;
 - (ii) return the original copy of the Declaration and the original copy of the Nepal import licence, if any, to the importer or his agent;
 - (iii) return the triplicate copy duly endorsed to the authorised official of Land Customs and Central Excise after the goods have crossed the Nepalese border customs post.
16. The importer will present to the Assistant Collector of Customs the original Customs Transit Declaration duly certified by the authorised officers of Land Customs and Excise and the Nepalese Customs Officer to the effect that the goods have crossed into Nepal. The original Declaration should reach the Assistant Collector of Customs concerned within one month of the date on which transit was allowed at the Indian port of importation, or such extended time as the Assistant Collector of Customs might 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 Re. 1 for every Rs. 1000 of the Indian market price of the goods.

EXPORT PROCEDURE

When goods from Nepal are cleared from Nepalese Customs custody for export to third countries in transit through India, the exporter or his agent (hereinafter referred to as the exporter) shall be required to observe the following procedure at the corresponding Indian Border Customs Post :

1. The senior-most officer incharge 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 by His Majesty’s Government of Nepal under licence No. dated”.

2. The exporter shall prepare the Customs Transit Declaration in quadruplicate and shall present it to the Indian Customs Officer at the Customs Post through which the goods are to enter India. The Customs Transit Declaration shall contain the following particulars :

- (a) Name and address of the exporter
- (b) No., description, marks and serial Nos. of the packages.
- (c) Country to which consigned.
- (d) Description of goods.
- (e) Quantity of goods.
- (f) Value of goods.
- (g) HMG’s Export Licence No. and date.
- (h) Country of origin of the goods.
- (i) Indian customs office of entry from Nepal.
- (j) A declaration at the end in the following words :

“I/We declare that the goods entered herein are not of Indian origin are for export from Nepal to countries other than India and shall not be diverted enroute to India or retained in India”.

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

(Signature)

3. The Indian Customs Officer at the point of entry into India shall

make such examination of packages and the 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 by the Government of India as being liable to pilferage enroute having regard to the duty and restrictions, if any, to which they are liable on import into India;
 - (iii) they are of origin as declared in the Customs Declaration Form.
4. After the necessary checks, the Indian Customs Officer at the border shall endorse all the copies of the Customs Transit Declaration. He shall hand over the original to the exporter and will send the duplicate and triplicate by post to the Collector of Customs, Calcutta. The quadruplicate shall be retained by him.
 5. The goods specified in sub-paragraph (ii) of paragraph 3 above shall be transported from the Indian Customs border post to Calcutta 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 the goods cannot be sent in closed wagons and have to be transported in open wagons or flats, detailed description, particulars and specifications thereof shall be recorded in the Customs Transit Declaration.
 7. After the verification as contemplated in preceding paragraphs has been completed by the Indian Customs official at the border, he shall endorse all the copies of the declaration and where sealing has been done, give necessary indication thereof on the relevant Customs Transit Declaration and allow the movement of goods to Calcutta Port. He shall hand over the original copy of the Declaration to the exporter and send the duplicate and triplicate by post to the Collector of Customs, Calcutta and retain the quadruplicate copy with him.
 8. The goods specified in sub para (ii) of para 3 above shall be covered by an insurance policy and/or such legally binding undertaking to the satisfaction of the concerned Collector of Customs in the manner indicated below :
 - (a) Goods moving by rail from the border shall be covered by an

insurance policy for an amount equal to the Indian Customs duty on such goods. This policy shall be assigned to the concerned Collector of Customs and the amount shall become payable to the Collector in the event of the goods not reaching Calcutta Customs.

- (b) Goods moving by road in trucks belonging to Nepal Transit & Warehousing Corporation, or Nepal Transport Corporation shall be covered by an insurance policy for an amount equal to the Indian Customs duty on such goods. This policy shall be assigned to the concerned Collector of Customs, and the amount shall become payable to the Collector in the event of the goods not reaching, Calcutta Customs. In addition, Nepal Transit and Warehousing Corporation shall give an undertaking to the concerned Collector of Customs to pay the difference between the market value of goods in India and their c.i.f. value plus Indian Customs duty in the event of the goods not reaching Calcutta Customs.
- (c) Goods moving by road in trucks other than those mentioned at (b) above shall be insured for an amount equal to the difference between the market value of the goods in India and their c.i.f. value. This policy shall be assigned to the concerned Collector of Customs and the amounts shall become payable to the Collector in the event of the goods not reaching Calcutta Customs.

NOTES :

1. In respect of goods belonging to and consigned by His Majesty's Government of Nepal under (a) and (b) above no insurance shall be required provided an undertaking or a further undertaking, as the case may be, is given by Nepal Transit and Warehousing Corporation in lieu of such insurance.
 2. No such requirement will be necessary in respect of goods carried by air without transshipment enroute 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.
9. In case of any suspicion of pilferage, the goods specified in sub-para (ii) of para 3 above 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 metre-gauge to broad-gauge.

10. On arrival of goods at Calcutta Port, the exporter shall present the original copy of the Customs Transit Declaration duly endorsed by the customs border office to the Customs House. This copy shall be compared by the Customs House with the duplicate and triplicate received by it from the border. 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 Customs House, it shall permit the export of the goods and will in case of goods specified in sub-para (ii) of para 3 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 Customs border office 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 Corporation on filing of such removal instructions by the exporter or his authorised agents.

**EXCHANGE OF LETTERS
No. 1**

GOVERNMENT OF INDIA
March 17, 1978

EXCELLENCY,

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

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

The transit procedures prescribed in Nepal's Treaty of Transit with India would apply *mutatis mutandis* in respect of such traffic-in-transit. The above Agreement shall come into force when necessary arrangements/procedures for transit between Indian and Bangladesh are concluded.

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

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

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

Yours sincerely,
Sd/-

MOHAN DHARIA,
Minister of Commerce,
Civil Supplies & Co-operation

Shri PITAMBER DHOJ KHATI,
Minister of Commerce & Industry,
His Majesty's Government of Nepal

No. 2

GOVERNMENT OF INDIA
March 17, 1978

EXCELLENCY,

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

"In the course of the discussion that led to the signing today of a Treaty of Transit between our two Governments, it was agreed that for the movements 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*. Further, as regards the movement of baggage accompanying a person travelling from one part of Nepal to another through Indian territory, the Government of India shall prescribe a simplified

procedure in respect of such articles of baggage as the Government of India may specify as being likely to be retained in India having regard to the difference in prices in Nepal and India and other relevant factors. For other articles of baggage accompanying a passenger, movement shall be freely allowed.

I should be grateful if you would kindly confirm that the foregoing correctly sets out the understanding reached between us."

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

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

Yours sincerely,

Sd/-

MOHAN DHARIA
Minister of Commerce,
Civil Supplies & Co-operation

Shri PITAMBER DHOJ KHATI,
Minister of Commerce & Industry,
His Majesty's Government of Nepal

No. 3

GOVERNMENT OF INDIA
March 17, 1978

EXCELLENCY,

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

"In the course of the discussion that led today to the signing of the Treaty Transit between the two Governments, it was agreed that the existing entry and exit points for traffic in transit at Kakarbhitta/Naxalbari and Pashupatinagar/Sukhiapokhari will continue to be in operation as at present till the Government of India has completed the examination of the request of His Majesty's Government of Nepal to add these routes in the Protocol to the Treaty of Transit.

I shall be grateful if you would kindly confirm that the above correctly sets out the understanding reached between us."

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

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

Yours sincerely,

Sd/-

MOHAN DHARIA,
Minister of Commerce,
Civil Supplies & Co-operation

Shri PITAMBER DHOJ KHATI,
Minister of Commerce & Industry,
His Majesty's Government of Nepal
