

**TRADE AGREEMENT¹ BETWEEN THE
GOVERNMENT OF INDIA AND THE
GOVERNMENT OF THE UNION OF
SOVIET SOCIALIST REPUBLICS**
New Delhi, 10 December 1980

The Government of the Republic of INDIA

AND

The Government of the UNION OF SOVIET SOCIALIST REPUBLICS,

NOTING with satisfaction the successful development of the trade relations between the two countries,

DESIRING in the spirit of friendship and mutual understanding to develop further these relations and their economic cooperation, and to continue to expand and diversify their two-way trade.

BEING guided by the provisions of the Joint Indo-Soviet Declaration and the Agreement² of further development of economic and trade cooperation between the Republic of India and the USSR of November 29, 1973, as well as the Long-term Programme of economic, trade, scientific and technological cooperation between the Republic of India and the USSR of March 14, 1979,

HAVE AGREED as follows :

Article 1

Both Governments will continue in every possible way to develop and strengthen the trade relations between the two countries on the principles of equality and mutual benefit. They will study and, with utmost goodwill, take decision on the suggestions which either of them would like to present for the consideration of the other with the purpose of achieving closer trade and economic relations.

1. Came into force on 1 January 1981.

2. IBTA Vol. 7 Doc. No. 498.

Article 2

1. Both Governments shall accord upon importation and exportation of goods from one country to the other maximum facilities allowed by their respective laws, rules and regulations.
2. Both Governments shall accord to each other Most Favoured Nation treatment with respect to imports and exports, customs duties and other taxes and charges applicable to importation and exportation or transit of commodities, and methods of their levying as well as with respect to rules and formalities in connection with such importation and exportation.
3. Both Governments shall accord to each other with respect to import and export licences of permissions if such licences or permissions are required by virtue of internal laws and regulations of their countries, treatment no less favourable than that granted to any other country.
4. Both Governments shall grant each other the Most Favoured Nation treatment in respect of all internal taxes or internal charges of any kind imposed on, or in connection with, imports and exports.
5. Any advantage, favour, privilege or immunity granted by either of the Governments to importation or exportation of any product originating in the territory of a third country or destined for importation into its territory shall immediately and unconditionally be granted to importation or exportation of the like product originating respectively in the territories of the USSR or India or destined for importation into either of these territories.

Article 3

The provisions of Article 2, however, shall not apply to :

- (a) advantages which are or will be accorded in future by either Government to contiguous countries for the purpose of facilitating frontier traffic;
- (b) preferences or advantages accorded by India to any other country and which existed prior to April 10, 1947, or in replacement of such preferences or advantages;
- (c) advantages that India accorded or may accord in future to one or several developing countries under any agreement for expansion of trade and economic cooperation among developing countries and to which India is a party;

- (d) preferences or advantages resulting from a customs union and/or free trade area of which either country is or may become a party.

Article 4

Juridical and physical persons of either country shall enjoy the Most Favoured Nation treatment in respect of personal protection and protection of property when effecting commercial activities in the territory of the other provided that the enjoyment of this treatment shall be subject to the laws and regulations of such other country which are generally applicable to all foreigners alike.

Article 5

The export of goods from the USSR to India and from India to the USSR during the period of validity of this Agreement shall be carried out in accordance with Lists "A" and "B" attached to this Agreement. These Lists can be amended or supplemented by agreement of both Governments.

The provisions of the present Agreement do not affect the rights of the Indian physical and juridical persons and the Soviet foreign trade organisations to conclude between themselves, subject to the import, export and foreign exchange regulations in force in both the countries commercial transactions for the import and export of goods not included in the Lists.

Article 6

The exports of goods stipulated in Article 5 will be carried out in accordance with the export, import and foreign exchange regulations in force in either country and on the basis of contracts to be concluded between the Indian physical and juridical persons, including Indian state owned organisations on the one side and the Soviet foreign trade organisations on the other.

Article 7

1. All payments of commercial and non-commercial nature between India and the USSR will be effected in Indian Rupees.
2. For the purpose of paragraph 1 of this Article :
 - (a) the Bank for Foreign Trade of the USSR will continue to maintain a Central Account with the Reserve Bank of India and one or several accounts with one or more commercial banks in India authorised to deal in foreign exchange;

- (b) the Central Account will be used for depositing the rupee balances and for replenishing the accounts with the commercial banks and for operating transactions relating to technical credit;
 - (c) the accounts with the commercial banks in India will be used for carrying out all operations of commercial and non-commercial nature.
3.
 - (a) The Central Account will be replenished by transfer of funds from the account(s) with commercial bank(s) mentioned in paragraph 2 and by receipts on account of technical credit;
 - (b) The account(s) with commercial bank(s) will be replenished by transfers of funds from other similar account(s) mentioned in paragraph 2 and from the Central Account.
4.
 - (a) Payments permitted in accordance with the Indian Exchange Control Laws, Regulations and Rules will be effected on the basis of this Agreement to the physical and juridical persons residing in the USSR by the physical and juridical persons residing in India, by crediting the amounts of such payments to the said account(s) of the Bank for Foreign Trade of the USSR with the Commercial Bank(s) of India;
 - (b) Likewise, payments permitted under the USSR Foreign Exchange Control Laws, Regulations and Rules, will be effected by the physical and juridical persons residing in the USSR to the physical and juridical persons residing in India by debiting the amount of such payments to the said account(s) with the commercial bank(s) in India.
5. The Reserve Bank of India and the Bank for Foreign Trade of the USSR will jointly establish the technical procedure of keeping the accounts under this Agreement.
6. Any balance in the Rupee accounts of the Bank for Foreign Trade of the USSR or any debt of the Bank for Foreign Trade of the USSR in connection with the grant of technical credit will, upon expiry of this Agreement, be used during the ensuing 12 months for the purchase of Indian or Soviet goods as the case may be or shall be settled in such other ways as may be agreed upon between both Governments.

Article 8

The Indian physical and juridical persons and the Soviet foreign trade organisations may agree that legal disputes that may arise out

of contracts concluded in commercial or other economic matters between them which may not be settled by the Parties to those contracts in an amicable way may be settled by arbitration.

The arbitral awards shall be executed in accordance with the Convention on the recognition and enforcement of foreign arbitral awards of 1958.

Article 9

Both Governments shall facilitate each other's participation in trade fairs, held in either country, and in the arrangement of exhibitions of either country in the territory of the other in accordance with the laws and regulations of either country.

Article 10

Both Governments with a view to developing and diversifying further the trade and other forms of economic cooperation between the two countries agree to facilitate the strengthening and expanding of business contacts between the Indian trading and industrial organisations and the Soviet foreign trade organisations, guided by the provisions of the respective sections of the Long-Term Programme of economic, trade, scientific and technological cooperation between the Republic of India and the Union of Soviet Socialist Republics of March 14, 1979.

Article 11

Both Governments will hold as and when necessary consultations for the exploration of new avenues in the fields of industrial cooperation as well as for further utilisation of existing and the creation of additional production capacities in each country on a mutually beneficial basis with a view to bringing about further increase in bilateral trade.

Article 12

Both Governments will assist the development of cooperation between industrial and commercial enterprises in the two countries for the purpose of pooling together their resources and know-how with a view to meeting their desire of jointly cultivating markets in third countries and their needs arising from the programmes of industrial development in third countries.

Article 13

Both Governments will consult each other at the request of either

Government as and when necessary in respect of matters connected with the implementation of this Agreement.

Article 14

The present Agreement shall enter into force on January 1, 1981, and shall remain valid upto December 31, 1985.

Within six months before the expiry of the said period the Parties shall agree on the measures ensuring the continuation and further expansion of trade relations between the two countries.

DONE in New Delhi, on December 10, 1980, in two original copies each in the Hindi, Russian, and English languages, all texts being equally authentic.

On behalf of the Government
of the Republic of India

On behalf of the Government of the
Union of Soviet Socialist Republics

Sd/-

PRANAB MUKHERJEE

Sd/-

I.V. ARKHIPOV

ANNEXURE

LIST "A"

GOODS FOR EXPORT FROM THE USSR TO INDIA

MACHINERY, EQUIPMENT AND SPARE PARTS

machine tools and metal working equipment, welding equipments, scrap bricqueting presses.

Mining, prospecting, oil drilling, patrological and survey equipments and instruments and spare parts.

Construction and earthmoving equipment and spare parts.

Power and electro-technical equipments, turbine, generators and spare parts.

Agricultural machinery, harvesting combines, spare parts, including tyres for tractors, and equipment and spares for mechanised farms.

Textile machinery and equipment.

Printing machinery and equipments including roto-print machines.

Cinematographic and studio equipments.

Air transportation means, including helicopters, other equipment and spare parts.

Trucks and spare parts.

Sea and river ships, dredgers, and raw marine engines and other equipments, including tankers, cargo ships and spare parts.

Components equipment, and raw materials for manufacturing programme of projects of Indo-Soviet Cooperation (completed and under construction) and replacement equipment for the Projects.

Spare parts to the equipment delivered for projects built by Soviet assistance.

Steel mill rolls.

Ball and roller bearings.

Gas Cylinders.

Abrasive grains, metal cutting and measuring tools, universal assembling fixtures and steel die blocks.

Laboratory, testing equipments, control measuring and optical instruments, scientific apparatus and metal testing machinery.

Medical and veterinary equipment and instruments including dental equipments.

Electronic instruments, computers, data processing instruments, including telecommunication equipments, professional equipments, and components and raw materials for electronic industry.

Other machinery and equipment including transport, lifting and handling equipment, rolling equipment, equipment for chemical, food processing, meat processing plants, grain storage and handling equipment and equipment for rubber industry, equipment dressing equipment, pumps, compressors, frinding and dressing equipment, pumps, compressors, and spare parts for Soviet machinery and equipment supplied to India.

CRUDE OIL AND PETROLEUM PRODUCTS

Crude oil.

Kerosene.

Diesel oil.

Oil and lubricants.

FERTILIZERS

Urea.

Muriate of Potash (60% K₂O)

Ammonium Sulphate.

CHEMICALS AND PHARMACEUTICAL PRODUCTS

Chemicals, including laboratory reagents.

D.D.T. (75%)

Sulphur.

Drugs, Pharmaceuticals, raw materials and intermediates required for their production.

STEEL PRODUCTS

Rolled Steel Products.

NON-FERROUS METALS

Zinc.

Nickel.

OTHER PRODUCTS

Cotton.

Asbestos.

Refractories.

Newsprint.

Wood pulp.

Pedigree sheep and other animals.

Books, periodicals, postal stamps, gramophone records and cassettes.

Miscellaneous goods.

LIST "B"*GOODS FOR EXPORT FROM INDIA TO THE USSR***AGRICULTURAL PRODUCTS**

Tea, including packaged tea.

Coffee.

Instant Coffee.

Pepper, black.

Cardamom.

Other spices.

Cashew kernels, including consumer packs.

H.P.S. groundnuts.

De-oiled groundnut cakes.

Other de-oiled cakes.

Tabacco.

Cigarettes.

Shellac.

Fruit juices.

Fresh and canned fruits.

Fresh and dehydrated vegetables, including onions and garlic.

Anato seeds.

MINERALS AND ORES

Mica.

Mica products.

Barytes.

Pig iron.

CHEMICALS AND ALLIED PRODUCTS

Medicines and pharamaceutical preparations.

Raw materials for production of medicinés.

Paints, enamels and varnishes, including marine paints.

Lemon chrome.

Dye-Stuffs and intermediates.

Castor oil.

Essential oil.

a/ Sandalwood oil.

b/ Other essential oils.

Detergents, scouring powder and other cleansing agents.

Cosmetic goods.

Tyres.

Linoleum.

Surgical Gloves.

Vacuum flasks and refills.

Wire enamel (lac "Terebec").

Raw opium.

Brushes, all types.

Bristles.

LEATHER AND LEATHER MANUFACTURES

Goat skins, semi-tanned and tanned.

Finished leather.

Leather shoes.

Shoe uppers.

Chappals.

Leather haberdashery, including gloves, garments, belts, etc.

TEXTILES

Printed cotton cloth and other cotton piece goods.

Industrial fabrics.

Paper maker felts.

Bed Linen, towels and handkerchiefs.

Cotton sewing thread.

Ready-made garments.

Manufactures of Handloom.

Cotton Hosiery.

Woollen Hosiery.

Woollen Knitwear.

Woollen carpets, hand and machine made.

Jute bags.

Jute cloth.

Raw jute.

Coir manufactures.

Coir yarn.

ENGINEERING GOODS

Automobile storage batteries, traction and other batteries.

Garage equipment, including spray booths, petrol dispensing equipment and others.

Hand tools, Pneumatic tools and tool kits.

Aluminium power cables.

Dry core cables.

Dry batteries.

Polygraphic equipments.

Steam boilers including coil type, thermo blocs, incinerators, etc.

Electronic instruments, components and equipment.

Computer software.

Sanitary ware, sanitary fittings and pipes and fittings thereof.

Machinery and equipment manufactured at industrial enterprises built in India with the assistance of the USSR

Textile machinery.

Automobile ancillaries.

V-Belts.

Wire ropes.

Machine tools.

Rolled Steel products.

Line pipes (ERW) and spirally welded.

Iron and steel castings and forgings.

Fork Lift trucks.

Freight containers.

Electric motors upto 100 KW.

Industrial Valves.

OTHER ITEMS

Wood veneers of tropical wood.

Spectacle frames.

Handicrafts, including manufactures of brass, white metal, semi-precious stones, wood, ivory, etc.

Monkeys.

Sports goods.

Glazed tiles.

Fire hoses.

Books, periodicals, postal stamps, gramophone records and cassettes.

Miscellaneous goods.
