

AIMSA Collection For study

Agreement between His Majesty's Government of Nepal and the Government of India for Establishing an Engineering School at Kathmandu

Kathmandu, 31 August 1960

His Majesty's Government of Nepal, hereinafter called 'H.M.G.' and the Government of India, hereinafter called 'G.O.I.;

Being desirous to cooperate with each other in promoting economic development of Nepal;

Have agreed as follows:

1. G.O.I. agree to provide financial assistance to the extent of Rs. 8.50 lakhs (Indian Currency), out of the overall Aid funds, generally, for establishment and maintenance of Engineering School at Kathmandu, as contained in the appended 'Report' hereinafter called the 'Programme' to be utilised before 31.3.1966.

2. The Programme aims at

(a) Establishment of an Engineering School for training overseers, draftsmen, etc. at Kathmandu to meet the demand of Engineering personnel in Nepal for execution of the various development schemes in the country.

(b) Maintenance of the school for a period of five years.

3. The Programme implemented by the Engineering School Development Board constituted under the Vikas Samiti Ain, 2013, of H.M.G., hereinafter referred to as the 'Board'. However, if at any time during the continuance of this Programme, H.M.G. wish to dissolve the Board, they shall consult the Director, I.A.M. and make suitable alternative arrangements for the execution of the Programme.

4. Whereas, generally, the scheme contained in the above- mentioned Programme would form the basis, this could be substituted or altered by H.M.G. in consultation with the Director, I.A.M.

5. The Director, I.A.M., shall act as Adviser to the Board. The Director, IA.M. in his capacity as Adviser to the Board, shall be invited to attend all the meetings and in his absence, he may nominate any other officer/officers of Indian Aid Mission to attend the meetings of the Board on his behalf. The Director, I.A.M., shall be consulted on the Programme, annual budgets and the formulation and introduction of financial procedures. Monthly progress reports of expenditure shall be sent to the Director, I.A.M. regularly.

6. H.M.G. will acquire land for the School and shall arrange the supply of timber, sand, stone, limestone, and other raw materials, free of royalty, for the requirements under this Programme.

AIMSA Collection For study

7. H.M.G. will also ensure that the goods, materials, equipment and machinery brought into Nepal or moved from one place to another within Nepal, are exempt from all duties, taxes and cesses. The exemption shall also extend to the personnel and transport working for the project.

8. Provision of foreign exchange, if any, involved in the implementation of the Programme will be the responsibility of H.M.G.

9. H.M.G. will make necessary security arrangements for the protection of the personnel as well as the materials at the various sites of construction and operations during the implementation of the Programme.

10. In the event of legal action arising from activities undertaken in pursuance of this Agreement, H.M.G. will assume full responsibility for the defence of such action in Nepal, and will take the responsibility for assuring execution of the Project undertaken pursuant to this Agreement.

11. H.M.G. will provide the nucleus for the Engineering School in the shape of purchase of suitable building. The entire expenditure on the remaining non-recurring items will be met out of G.O.I. funds. The recurring expenditure during the first year will also be met out of G.O.I. funds. From the second year to the fifth year the G.O.I.'s contribution towards recurring expenditure will be progressively reduced and the liability for contributing the balance will be assumed by H.M.G. The G.O.I. will make no contribution towards recurring expenditure beyond the fifth year.

12. Within the overall financial ceiling of Rs. 8.50 lakhs G.O.I.'s aid will be available in cash (Indian Currency), kind or services or technical personnel, as may be mutually agreed upon between the Director, I-A.M. and the Board, from time to time.

13. Subject to the provisions of Article 11, the funds provided by the G.O.I. under this Agreement will be utilised

(i) for purchase of stores, equipments, vehicles, furniture and machinery required in connection with establishment and maintenance of the Engineering School;

(ii) for meeting the expenditure on salaries, allowances, and travelling allowances, etc. of the staff employed for the execution of the Programme;

(iii) for meeting the cost of personnel obtained from India to advise and assist in the execution of the programme;

(iv) for carrying out additions, alterations, and repairs to the existing building and for erecting new buildings required for school, hostel for students etc.;

(v) for paying stipends to students.

14. Procurement of stores, equipments and other necessary machinery will be the responsibility of the Board but the Director, I.A.M. will, if possible, render assistance in this respect when approached by the Board.

AIMSA Collection For study

15. The expenditure for any purchases made through G.O.I. and expenditure under item (iii) of Article 13 above, will be incurred directly by the G.O.I. and amounts debited to the funds which the G.O.I. is to provide under this Agreement. Any expenditure incurred by the Director, I.A.M. before the signing of this Agreement in pursuance of the implementation of the Programme, shall be eligible for being debited to the overall aid under this Agreement.

16. The Indian Aid available in cash will be by way of advances, paid to an account to be opened in the Nepal Rashtra Bank in the name of the Engineering School Development Board. The account will be opened with an initial deposit of-Rs. 2 lakhs, consisting of a permanent advance of Rs. 1 lakh and another Rs. 1 lakh representing the first recurring instalment. The permanent advance of Rs. 1 lakh will be adjusted in the final instalment, to be paid under this Agreement. Further advances will be made on the basis of certificates rendered by the Board, which will be supported by an Expenditure Report by the Accounts Officer for the Programme to the effect that 75% of the amount of last instalment (excluding permanent advance) has been expended for the purposes for which it was given. The funds shall not be mixed with similar funds from other (foreign) agencies.

17. The contribution of H.M.G. under Article 11 will be deposited into the account of the Board every quarter. The contribution of H.M.G. may include funds received from other agencies.

18. The Board shall set up its own Accounts Organisation under an Accounts Officer who will be advised and assisted by an Accounts Officer, lent by the G.O.I. H.M.G. will arrange annual audit of the works and expenditure. Audit charges will be borne by H.M.G. The Director, I.A.M. or his nominee, may inspect and audit any records and accounts with respect to the aid provided by the G.O.I. under this Agreement.

19. All the equipments, stores, machinery, etc. left over on completion of the Programme will be used only for the maintenance of the School. All unspent balances of cash advances by the G.O.I., after meeting the liabilities, shall be refunded to the G.O.I. on completion or determination of this Agreement.

20. This Agreement shall come into force with effect from its signing and will remain in force upto 31.3.1966 unless terminated earlier by either party, giving three months' notice.

IN WITNESS, WHEREOF, we, the undersigned being duly authorised by our respective Governments, have signed the Agreement.

DONE at Kathmandu, in Nepali and English languages in two copies each on this 31st day of August, 1960.

Sd/- (R.P. JOSHI)

On behalf of His Majesty's Government of Nepal

Sd/- (D.R. KOHLI)

For the Government of India

Finance Secretary. Director, Indian Aid Mission.

AIMSA Collection For study

Source: [India Bilateral Treaties & Agreements \(Volume 3\)](#)