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Treaty of Trade and Commerce Between the Government of India and Nepal

Kathmandu,
31 JULY 1950

The Government of India and the Government of Nepal being desirous of facilitating and furthering trade and commerce between their respective territories have resolved to conclude a treaty of Trade and Commerce and have, for this purpose, appointed as their plenipotentiaries the following persons, namely,

The Government of India:
HIS EXCELLENCY SHRI CHANDRESHWAR PRASAD NARAIN SINGH
Ambassador of India in Nepal;

The Government of Nepal:
MOHUN SHAMSHER JANG BAHADUR RANA,
Maharaja, Prime Minister and Supreme Commander-in-Chief of Nepal,
who having examined each other's credentials and found them good and in due form have agreed as follows:—

Article 1

The Government of India recognise in favour of the Government of Nepal full and unrestricted right of commercial transit of all goods and manufactures through the territory and ports of India as provided in Articles 2, 3 and 4 below.

Article 2

Subject to such arrangements as may be agreed upon between the two Governments, the Government of India agree to allow all goods imported at any Indian port and intended for re-export to Nepal to be transmitted to such place or places in Nepal as may be approved by the two Governments, without breaking bulk en route and without payment of any duty at any Indian port.

Article 3

Subject to such arrangements as may be agreed upon between the two Governments the right of passage without payment of excise or import duties shall similarly extend also to goods of Nepalese origin in transit through Indian territory from one approved place to another within the territories of the Kingdom of Nepal.

Article 4

Subject to such arrangements as may be agreed upon between the two Governments, the Government of Nepal shall enjoy full and unrestricted right of commercial transit, from approved place or places in Nepalese territory, through the territories and ports of India, of all goods and manufactures of Nepalese origin for export outside India.

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Article 5

The Government of Nepal agree to levy at rates not lower than those leviable, for the time being, in India customs duties on imports from and exports to countries outside India. The Government of Nepal also agree to levy on goods produced or manufactured in Nepal, which are exported to India, export duty at rates sufficient to prevent their sale in India at prices more favourable than those of goods produced or manufactured in India which are subject to central excise duty.

Article 6

The Government of India and the Government of Nepal agree to assist each other, by making available, to the maximum extent possible, commodities which are essential to the economy of the other.

Article 7

The two Governments agree to promote contacts between the trade interests of the two countries and undertake to give every reasonable facility for the import and export of commodities, and in particular to facilitate the use of the routes and methods of transportation which are most economical and convenient.

Article 8

Civil aircraft of either State shall be permitted to fly over the territory of the other in accordance with normal international procedure.

Article 9

So far as matters dealt with herein are concerned this Treaty cancels all previous treaties, agreements or engagements concluded between the British Government on behalf of India and the Government of Nepal.

Article 10

This Treaty shall come into force three months after the date of signature by both parties. It shall remain in force for a period of 10 years, in the first instance, and shall unless terminated by either party by giving notice of not less than one year in writing, continue in force for a further period of 10 years.

DONE in duplicate at Kathmandu this 31st day of July 1950.

For the Government of India:

(Signed) CHANDRESHWAR PRASAD NARAIN SINGH

For the Government of Nepal:

(Signed) MOHUN SHAMSHER JANG BAHADUR RANA MEMORANDUM

(Vice Articles 2 and 3 of the Treaty of Trade and Commerce between Nepal and India)

PART A

The arrangements contemplated in Article 2 of the Treaty of Trade and Commerce between Nepal and India signed on 31-7-50 shall be as follows:—

(1) When goods are imported for re-export to Nepal, the importer or his agent, shall, at the time of entering them at the Customs House

(a) declare that the goods are intended for re-export to Nepal and would not be diverted en route to any other country;

(b) furnish, in quadruplicate, an invoice of the goods in a prescribed form, certified by a Nepalese officer appointed for

(2) the purpose, specifying therein by which authorised land routes the goods are intended to be transported and also the land customs station through which the goods will be taken out of India; deposit an amount equal to the duty chargeable under the Indian Customs Tariff, or furnish a bond with the surety of a bank of standing, binding him to pay duty on any portion of the consignment that is not cleared from the custody of the Nepal customs on payment of the (Nepal) customs duty. On compliance with the above provisions, the goods shall be sealed with the Customs seal and delivered to the owner together with the original copy of the invoice, duly completed and registered. The duplicate and triplicate copy of the invoice shall, at the same time, be forwarded to the land customs officer of the station referred to in paragraph (1) (b) above.

(3) The land customs officer to whom the goods are presented shall examine the seals and, if these are intact, certify that the goods have crossed the Indian frontier with the seals intact. The original copy of the invoice shall be returned to the owner with the goods for presentation to the Customs authorities in Nepal. The duplicate copy, duly endorsed, shall be returned to the Customs House whence it was received, and the triplicate copy, duly endorsed, forwarded to the Indian Embassy in Nepal.

(4) In order to secure the refund of the deposit, or cancellation of the bond furnished under paragraph (1) (c), the importer, or his agent, must present an application to that effect supported by the original invoice, duly certified by the land customs officer referred to in paragraph (3) above to the effect that the goods have crossed the Indian frontier and by the Nepal Customs to the effect that they have reached Nepal with the Indian Customs seal intact, and that the packages corresponding with the details in the invoice have been cleared from their custody on payment of customs duty. The certificate by the Nepal Customs shall be countersigned by an officer or officers designated in this behalf by the Government of Nepal. The original invoice should be received in the Customs House within a period of six months; this period may be raised at the discretion of the Indian Customs authority concerned in any case in which it is proved, to its satisfaction, that the delay is due to circumstances beyond the control of the importer.

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(5) Before granting the refund of deposit or cancellation of the bond, the officer concerned in the Customs House shall compare the original copy of the invoice received from the importer with the duplicate copy received from the land Customs officer concerned.

PART B

At present the Government of India do not consider it necessary, for reasons of their administrative convenience, to prescribe any arrangements under Article 3 of the Treaty; but if and when Government of India should decide to do so, the arrangements described in Part A will apply mutatis mutandis to the transit of goods under Article 3 of the Treaty.

PART C

The two Governments approve for the purposes of Articles 2 and 3 of the Treaty convenient points, within Nepalese territory contiguous to the following rail heads:—

1. Raxaul.
2. Jogbani.
3. Nepalganj.
4. Nautanwa.
5. Jayanagar.

(Signed)

CHANDRESHWAR PRASAD NARAIN SINGH SIGNED

at Kathmandu on the 31st July 1950 on behalf of the Government of India.

(Signed)

MOHUN SHAMSHER JANG BAHADUR RANA STONED

at Kathmandu on the 31st July 1950 on behalf of the Government of Nepal.

MEMORANDUM (Vice Article 4 of the Treaty of Trade and Commerce between Nepal and India)

PART A

The arrangements contemplated in Article 4 of the Treaty of Trade and Commerce between Nepal and India signed on 31-7-50 shall be as follows:—

(1) Goods of Nepalese origin or manufacture imported into India for subsequent re-export to a country outside India, shall enjoy freedom of transit across the territories of India. This shall include exemption from Indian customs duties, cess or excise duties as well as exemption from compliance with Indian export and import control regulations provided that the exporter or his authorised agent .

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(a) makes a declaration in the prescribed form at the Indian land customs station of entry to the effect that the goods are intended for re-export out of India;

(b) furnishes in quadruplicate, an invoice of the goods in a prescribed form, counter signed by a Nepalese officer appointed for the purpose, specifying therein by which authorised land routes the goods are intended to be transported and also the port through which the goods will be taken out of India; and

(c) deposits an amount equal to the duty chargeable under the Indian Customs Tariff, or furnishes a bond with the surety of a bank of standing, binding him to pay duty on any portion of the consignment that is not cleared for export out of India through the Customs House of the port referred to in (b) above.

(2) On compliance with the above provisions, the goods shall be sealed with the seal of the Indian Land Customs station referred to in 1 (a) above and delivered to the exporter or his agent together with the original copy of the invoice, duly completed and registered. The duplicate and triplicate copy of the invoice shall, at the same time, be forwarded to the Customs House of the port of exit referred to in paragraph 1 (b) above.

(3) The Customs Officer at the port of exit shall, before the goods are re-exported, examine the seals and, if these are intact, certify that the goods have been brought for shipment with the seals intact. After the goods have actually been reexported the original copy of the invoice shall be returned to the owner with a certificate to the foregoing effect for presentation to the Customs authorities, at the land customs station of entry. The duplicate copy, duly endorsed, shall be returned to the land customs station from which it was received, and the triplicate copy, duly endorsed retained in the Customs House for record.

(4) In order to secure the refund of the deposit, or cancellation of the bond furnished under paragraph 1 (c), the exporter or his agent must present an application to that effect supported by the original invoice duly certified by the Customs House of the port of exit referred to in paragraph (3) above to the effect that the goods have been re-exported out of India. The original invoice shall be presented at the land custom's station of entry within a period of six months or such extended time as the Customs authority at the port of exit might certify as being due to circumstances beyond the control of the exporter.

(5) Before granting the refund of deposit or cancellation of the bond, the officer concerned in the land customs station shall compare the original copy of the invoice received from the exporter with the duplicate copy received from the Customs House concerned.

PART B

The two Governments approve for the purpose of Article 4 of the Treaty convenient points within Nepalese territory contiguous to the following rail heads:—

1. Raxaul.
2. Jogbani.

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3. Nepalganj.
4. Nautanwa.
5. Jayanagar.

(Signed)

CHANDRESHWAR PRASAD NARAIN SINGH SIGNED

at Kathmandu on the 31st July 1950 on behalf of the Government of India.

(Signed)

MOHUN SHAMSHER JANGBAHADUR RANA SIGNED

at Kathmandu on the 31st July 1950 on behalf of the Government of Nepal.

Source: [India Bilateral Treaties & Agreements \(Volume 1\)](#)