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Treaty of Trade and Transit Between the Government of India and His Majesty's Government of Nepal

Kathmandu, 11 September 1960

Whereas the Government of India and His Majesty's Government of Nepal (hereinafter referred to as the Contracting Parties).

Being animated by the desire to strengthen economic cooperation between the two countries, and convinced of the benefits likely to accrue from the development of their economies towards the goal of a Common Market,

HAVE RESOLVED to conclude a Treaty of Trade and Transit in order to expand the exchange of goods between their respective territories, encourage collaboration in economic development and facilitate trade with third countries.

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

THE GOVERNMENT OF INDIA:

His EXCELLENCY SHRI HARISHWARDAYAL, AMBASSADOR OF INDIA IN NEPAL

HIS MAJESTY OF GOVERNMENT OF NEPAL

His EXCELLENCY SHRI RAM NARAYAN MISHRA, MINISTER FOR COMMERCE AND INDUSTRIES

who, having exchanged their full powers and. found them good and in due form, have agreed as follows:

TRADE

Article I

The Contracting Parties shall promote the expansion of mutual trade in goods originating in the two countries and shall to this end 1. Came into force from 1 November, 1960 endeavour to make available to each other commodities which one country needs from the other. The Contracting Parties shall further take care to avoid to the maximum extent practicable diversion of commercial traffic or deflection of trade.

Article II

Subject to such exceptions as may be mutually agreed upon, goods originating in either country and intended for consumption in the territory of the other shall be exempt from customs duties and other equivalent charges as well as from quantitative restrictions.

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Article III

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,
- (b) 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 IV

Payment for goods and services between the two countries will continue to be made as heretofore.

Article V

The trade of the Contracting Parties with third countries shall be regulated in accordance with their respective laws, rules and regulations relating to imports and exports.

Article VI

Payment for transactions with third countries will be made in accordance with the respective foreign exchange laws, rules and regulations of the two countries. The Contracting Parties agree to take effective steps, in cooperation 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.

TRANSIT

Article VII

Goods intended for import into or export from the territories of either Contracting Party from or to a third country shall be accorded freedom of transit through the territories of the other party. No distinction shall be made which is based on the flag of vessels, the place of origin, departure, entry, exit, destination or ownership of goods.

Article VIII

Goods (including baggage) shall be deemed to be in transit across the territory of a Contracting Party when the passage across such territory, with or without transshipment, warehousing, breaking bulk or change in the mode of transport, is only a portion of a complete journey beginning and

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terminating beyond the frontier of the Contracting Party across whose territory the traffic passes. Traffic of this nature is termed "traffic in transit."

Article IX

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

Article X

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 subjected to unnecessary delays or restrictions.

Article XI

Traffic in transit through the territories of one Contracting Party from one place to another in the territories of the other Party shall be subject to such arrangements as may be mutually agreed upon.

GENERAL

Article XII

Nothing in this Treaty shall affect any measure which either of the Contracting Parties may be called upon to take in pursuance of general international conventions to which it is a party or which may be concluded hereafter relating to the 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 XIII

The Contracting Parties shall take appropriate measures to ensure that the provision's of this Treaty 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 XIV

This Treaty, which replaces the Treaty of Trade and Commerce between the two countries of 31st July, 1950, shall come into force on 1st November, 1960. It shall remain in force for a period of five years. It shall continue in force for a further period of five years thereafter, subject to such modification as may be agreed upon, unless terminated by either party by giving notice of not less than one year in writing.

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DONE in duplicate in English, Hindi and Nepali, all the texts being equally authentic, at Kathmandu on September 11, 1960, corresponding to the twenty seventh day of Bhadra, Bikram Sambat two thousand and seventeen. In case of doubt, the English text will prevail.

(Signed) HARISHWAR DAYAL

For the Government of India.

(Signed) RAM NARAYAN MISHRA

For His Majesty's Government of Nepal.

PROTOCOL

(Vide Article X)

1. All Traffic in Transit shall

(i) be duly entered at the proper Customs Houses at the points of entry and exit,

(ii) pass via routes prescribed for such traffic,

(iii) comply with the following procedure :

(a) The import/export licence authorising importation/ exportation of the goods to or from the territory of one Contracting Party shall be produced before the Customs Officer at the point of entry of the goods in the territory of the other Contracting Party (hereinafter referred to as "Country of Transit").

(b) Except in the case of goods imported or exported by Their Majesties, other privileged members of the Royal Family of Nepal, and by His Majesty's Government of Nepal (including those received by its foreign aid), a bond with suitable guarantee shall be executed by the importer/exporter or by his authorised agent guaranteeing and undertaking that the goods shall not be diverted en route.

(c) An importer/exporter or his authorised agent shall produce within a specified period satisfactory evidence to the appropriate Customs Officer of the country of transit to the effect that the goods have duly passed into the territory of the other.

(d) Any other detailed regulations which may be prescribed in mutual consultation by the Contracting Parties shall also be complied with.

2. Wherever it becomes necessary to break bulk in respect of a consignment in transit, such breaking shall be done only under the supervision of the appropriate Customs Officer of the Party in whose territory such break of bulk takes place.

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3. Warehousing of all consignments shall be subject to the relevant laws and regulations of the Party in whose territory such warehousing occurs.

4. To facilitate the movement in transit of goods through India to and from Nepal, the Government of India agree to arrange with the Commissioners of the Port of Calcutta to assign a separate shed in the Calcutta Port area wherein all goods in transit (other than hazardous goods) may be stored pending onward transmission to or from Nepal in compliance with the procedures prescribed.

5. The Government of India taking note of the desire on the part of His Majesty's Government of Nepal to appoint Customs Liaison Officers at the port of Calcutta and Barauni railway station with a view to facilitating in collaboration with the appropriate Indian authorities, the smooth working of the procedures prescribed for the regulation of Traffic in Transit agree to accord to these officers all appropriate courtesies and reasonable facilities for the due discharge of these functions including access to examination centres, transit sheds, or transshipment points in Calcutta or Barauni railway station, in which goods in transit to and from Nepal are stored, opened for examination or transhipped. Customs examination of goods in transit at Calcutta and Barauni will normally be carried out in the presence of the Nepalese Liaison Officers.

6. The Government of India will similarly appoint, where necessary' Customs Liaison Officers in Nepal for discharging similar functions particularly in respect of goods carried to Nepal from a customs port in India in transit by air. His Majesty's Government of Nepal shall extend similar courtesies and accord similar facilities to such officers.

Sd./ HARISHWAR DAYAL

For The Government of India

Sd./ RAM NARAYAN MISHRA

For His Majesty's Government of Nepal

His MAJESTY'S GOVERNMENT OF NEPAL

EXCELLENCY:

In the course of the discussions which resulted in the conclusion of the Treaty of Trade and transit between the Government of India and His Majesty's Government of Nepal signed today, the measures necessary to achieve the objectives of the Treaty have been discussed and the following understanding was reached

1. With reference to Articles I & V, while the Contracting Parties may follow independent policies on trade with third countries, it is understood that if Nepal pursues a policy divergent from that of India, there will be mutual consultations so as to ensure that there is no flow into India of goods imported from third countries.

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2. In regard to Article II it is agreed that :

(a) His Majesty's Government of Nepal, having regard to their requirements of raising resources for the economic development of Nepal, may continue to levy existing import and export duties on goods imported from or exported to India. The rates of such duties shall not, however, exceed those applicable to imports from the exports to third countries. It is understood that there will be no such duties on Government to Government transactions.

(b) The existing arrangements between the Contracting Parties for the refund to His Majesty's Government of Nepal of central excise duties on goods exported from India to Nepal are not affected.

(c) In order to assist Nepal's industrial development the Government of India agree that His Majesty's Government may impose protective duties or quantitative restrictions on such goods as may be produced by newly established industries in the country.

3. In regard to clause (e) of Article III, it is understood that either Party may, in agreement with the other, take measures, if that becomes necessary, to secure a balance in mutual payments, to prevent the smuggling of their currencies from or to third countries, to prevent the re-entry into its territory of goods passed in transit or to prevent the re-export of goods exported to the territory of the other.

4. Imports from third countries will normally be permitted by either country only against its own foreign exchange resources except for capital goods, spares and industrial raw materials which may be imported against foreign investment. Neither party will, however, issue any import licence on the basis that the foreign exchange required for it will be arranged by nationals of the other party.

With the reference to Article XIII of the Treaty, it has been agreed that inter-governmental consultations shall for the time being be carried out through normal diplomatic channels on the request of either Party at a place and time to be mutually agreed upon, the meetings being held within 30 days of the request.

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

Accept, Excellency, the assurances of my highest consideration.

Sd./- RAM NARAYAN MISHRA

Minister for Commerce and Industry,
His Majesty's Government of Nepal
September 11, 1960

His Excellency Shri HARISHWAR DAYAL
Ambassador Extraordinary and Plenipotentiary at the Court of Nepal Indian Embassy Kathmandu.

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AMBASSADOR OF INDIA

Kathmandu, September 11, 1960

Bhadra 20, 1882 (Saka)

EXCELLENCY:

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

(Not reproduced)

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

Accept, Excellency, the assurances of my highest consideration.

Sd./ HARISHWAR DAYAL

Ambassador of India.

His Excellency Shri Ram Narayan Mishra,

Minister for Commerce & Industries,
His Majesty's Government of Nepal, Kathmandu.

MEMORANDUM

1. In pursuance of the provisions of sub-clause (d) of clause (iii) of Para 1 of the Protocol to the Treaty of Trade and Transit, His Majesty's Government of Nepal and the Government of India agree that the following detailed procedures shall apply to goods in Transit :

IMPORT PROCEDURE

1. When the goods are imported for Nepal in transit through India the importer or his agent shall be required to observe the following procedure at the Indian Port of importation :

(i) Transit of the goods meant for Nepal shall be allowed against Nepal Government licences permitting goods to be carried into Nepal.

NOTE: His Majesty's Government of Nepal will arrange to supply, through the Indian Embassy at Kathmandu, to the Collectors of Customs concerned, the specimen signature of officer/officers who sign Nepal Government import/export licences. It will also arrange to have one copy each of all licences issued by it, sent direct to the Collectors of Customs concerned for his information.

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(ii) The importer or his agent shall make the following declaration on the relative Bill of Entry at Indian Custom House :

"I/We declare that the goods entered herein are the goods in respect of which the Nepal Import licence No dated has been issued and I/We further declare that the goods are intended for import into Nepal within the prescribed time-limit--vide Rule 6-and shall not be diverted en-route to any other country."

(iii) He shall furnish a bond to the Custom House in the form prescribed by the Collector of Customs with the surety of a bank of standing binding him to say the duty and penalty for contravening Import Trade Control restrictions on any portion of the consignment that is not proved to have duly entered Nepal.

NOTE: Where an importer or his agent deals or expects to deal with a series of consignments over a period of time, a continuing general bond may be taken to cover all such consignments instead of an individual bond for every such consignment.

(iv) On compliance with the above provisions he shall prepare an invoice in quadruplicate, in the prescribed form, specifying therein the number of Nepal import licence, the particulars of the goods, namely the marks, numbers, weight of the packages, description and value of the goods, etc., the route and also the border custom post (established by agreement between His Majesty's Government of Nepal and the Government of India) through which the goods will be taken out of India to Nepal.

(v) Thereafter he shall present all the four copies of the invoice and the Nepal import licence at the Custom House together with a copy of the Bill of Entry. The collector of Customs shall compare the copy of the licence produced by the importer with that received by him from His Majesty's Government of Nepal.

(vi) The four copies of the invoice shall be examined by the Custom House to ensure that the particulars stated in the invoice correspond in all material respects to the particulars on the Nepal import licence. In order to ensure that the goods conform to the description thereof in the invoices the Indian Customs authorities will where necessary, open for examination certain percentage of the packages. There shall, however, be no opening for examination of packages imported by Their Majesties, other privileged members of the Royal Family, by His Majesty's Government of Nepal (including goods received by it as foreign aid), by United Nations' and Diplomatic personnel and Missions accredited to His Majesty's Government of Nepal.

(vii) The goods shall then be sealed with the Customs seal.

(viii) The goods will be loaded under Customs supervision. Where Railway wagons are exclusively provided for transit goods, the wagons will be sealed by the Railways and/or the Customs.

NOTE 1 In the case of open wagons loading heavy articles, such as cars, trucks, machinery, iron and steel etc., sealing may be dispensed with.

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NOTE 2 In the matter of priorities for the booking of wagons, the Railways would give the same consideration to the transit goods to Nepal as to other goods transported on behalf of Indian citizens.

NOTE 3 The transshipment of goods at Barauni station from broad to meter gauge wagons will be done under customs supervision and where Railway wagons are exclusively provided for transit goods, the wagons will be sealed by the Railways and/or the Customs.

2. The original copy of the invoice duly completed and registered by the Custom House will be handed over to the importer or his agent along with the Nepal import licence, suitably endorsed by the Custom House. The duplicate and triplicate copies of the invoice shall be forwarded simultaneously by the Indian Custom House to the authorised officer of the Land Customs and Central Excise in charge of the border Customs post mentioned in the invoice. The quadruplicate copy shall be retained in the Indian Custom House.

3. On arrival of the goods at the border Customs post the goods shall be presented by the importer or his agent to the authorised officer of Land Customs and Central Excise along with the original copy of the invoice.

4. The authorised officer of Land Customs and Central Excise shall :-

(i) compare the original copy of the invoice with the duplicate and the triplicate copies received by him from the Indian Custom House;

(ii) examine the seals on the packages, and identify the packages with the particulars shown on the invoice;

(iii) if the particulars on the original copy of the invoice agree with the particulars on the duplicate and triplicate copies and the seals are intact, and the packages are satisfactorily identified, allow the goods to proceed and certify accordingly on each of the three copies of the invoice;

NOTE: In case the seals are not found intact, he may reseal the packages with his own seal, after satisfying himself as to the identity of the packages and the goods from the particulars shown on the invoice, and if necessary by opening and examining the goods themselves. It should not, however, be necessary to detain the entire consignment if seals on some packages are found broken. After ascertaining the shortages and indicating these on the relevant Nepal invoices, goods should be allowed to go forward without delay;

(iv) On compliance with the above provisions he shall prepare an invoice in quadruplicate, in the prescribed form, specifying therein the number of Nepal import licence, the particulars of the goods, namely the marks, numbers, weight of the packages, description and value of the goods, etc., the route and also the border custom post (established by agreement between His Majesty's Government of Nepal and the Government of India) through which the goods will be taken out of India to Nepal.

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(v) Thereafter he shall present all the four copies of the invoice and the Nepal import licence at the Custom House together with a copy of the Bill of Entry. The collector of Customs shall compare the copy of the licence produced by the importer with that received by him from His Majesty's Government of Nepal.

(vi) The four copies of the invoice shall be examined by the Custom House to ensure that the particulars stated in the invoice correspond in all material respects to the particulars on the Nepal import licence. In order to ensure that the goods conform to the description thereof in the invoices the Indian Customs authorities will where necessary, open for examination certain percentage of the packages. There shall, however, be no opening for examination of packages imported by Their Majesties, other privileged members of the Royal Family, by His Majesty's Government of Nepal (including goods received by it as foreign aid), by United Nations' and Diplomatic personnel and Missions accredited to His Majesty's Government of Nepal.

(vii) The goods shall then be sealed with the Customs seal.

(viii) The goods will be loaded under Customs supervision. Where Railway wagons are exclusively provided for transit goods, the wagons will be sealed by the Railways and/or the Customs.

NOTE 1: In the case of open wagons loading heavy articles, such as cars, trucks, machinery, iron and steel etc., sealing may be dispensed with.

NOTE 2: In the matter of priorities for the booking of wagons, the Railways would give the same consideration to the transit goods to Nepal as to other goods transported on behalf of Indian citizens.

NOTE 3: The transshipment of goods at Barauni station from broad to meter gauge wagons will be done under customs supervision and where Railway wagons are exclusively provided for transit goods, the wagons will be sealed by the Railways and/or the Customs.

2. The original copy of the invoice duly completed and registered by the Custom House will be handed over to the importer or his agent along with the Nepal import licence, suitably endorsed by the Custom House. The duplicate and triplicate copies of the invoice shall be forwarded simultaneously by the Indian Custom House to the authorised officer of the Land Customs and Central Excise in charge of the border Customs post mentioned in the invoice. The quadruplicate copy shall be retained in the Indian Custom House.

3. On arrival of the goods at the border Customs post the goods shall be presented by the importer or his agent to the authorised officer of Land Customs and Central Excise along with the original copy of the invoice.

4. The authorised officer of Land Customs and Central Excise shall :-

(i) compare the original copy of the invoice with the duplicate and the triplicate copies received by him from the Indian Custom House;

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(ii) examine the seals on the packages, and identify the packages with the particulars shown on the invoice;

(iii) if the particulars on the original copy of the invoice agree with the particulars on the duplicate and triplicate copies and the seals are intact, and the packages are satisfactorily identified, allow the goods to proceed and certify accordingly on each of the three copies of the invoice;

NOTE: In case the seals are not found intact, he may reseal the packages with his own seal, after satisfying himself as to the identity of the packages and the goods from the particulars shown on the invoice, and if necessary by opening and examining the goods themselves. It should not, however, be necessary to detain the entire consignment if seals on some packages are found broken. After ascertaining the shortages and indicating these on the relevant Nepal invoices, goods should be allowed to go forward without delay;

(iv) deliver the original copy duly endorsed to the importer or his agent alongwith the goods for presentation to the Nepalese Officer at the corresponding Nepalese border customs post and send the duplicate duly endorsed to the Collector of Customs at the port through which the goods were imported.

NOTE: The duplicate copy should be despatched to the Collector of Customs by the authorised officer of Land Customs and Central Excise within 24 hours of the passing of the goods through the Indian border Customs post;

(v) send the triplicate copy duly endorsed to the Nepalese customs officer at the corresponding Nepalese border customs post through the Nepalese representative deputed for the purpose, for advance information, and shall retain that copy after it has been returned duly endorsed by him.

5. The Nepalese Customs Officer shall :

(i) deal with the goods in such manner as may be directed by His Majesty's Government of Nepal;

(ii) endorse a certificate over his signature and authenticate it under customs stamp on the original copy of the Nepal import licence and invoice that the goods have reached Nepal with the Indian Customs seals intact and that the packages correspond in all respects with the particulars shown in the invoice and in all material respects with the Nepal import licence and that the goods have been cleared from Nepalese customs custody for entry into Nepal;

(iii) return the original copy of the invoice and the original copy of the Nepal import licence to the importer or his agent;

(iv) return the triplicate copy duly endorsed to the authorised officer of Land Customs and Central Excise after the goods have crossed the Nepalese border customs post.

6. In order to secure the cancellation of the bond furnished under rule 1(iii) the importer or his agent must present an application to that effect to the Collector of Customs, supported by the original copy of the invoice duly certified by the authorised officer of Land Customs and Central

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Excise and the Nepalese Customs Officer to the effect that the goods have been cleared from Nepalese Customs custody for entry into Nepal with the Indian Customs seals intact. The original invoice should reach the Collector of

Customs concerned, not later than six months after the date on which the invoices were completed at the Indian port of importation, or such extended time as the Collector of Customs might certify as being due to circumstances beyond the control of the importer.

7. Before allowing the cancellation of the bond, the Collector of Customs shall compare the original copy of the invoice received from the importer with the duplicate copy received from the authorised officer of Land Customs and Central Excise.

8. The procedure outlined above will apply mutatis mutandis to goods imported into India from abroad by sea or by air and meant for being sent in transit therefrom to Nepal by air.

EXPORT PROCEDURE

1. When goods of Nepalese origin, despatched from the border customs posts (established by agreement between His Majesty's Government of Nepal and Government of India) are cleared from Nepalese customs custody and are exported for re-export to foreign countries in transit through India, the exporter or his agent shall be required to observe the following procedure at the corresponding Indian border customs post :

He shall prepare an invoice in quadruplicate in the prescribed form, specifying therein the particulars of the goods namely the marks, numbers and weight of the packages, description and value of the goods etc., the number of the Nepal export licence and also the route through which the goods will pass from the point of entry to the port of exit. The invoice shall have been verified and certified accordingly by the Nepal Customs Officer. The exporter or his agent shall make the following declaration thereon :

"I/We declare that the goods entered herein are of Nepalese origin, exported from Nepal by virtue of Nepal export licence No dated and are intended for export to (name of foreign country) within the prescribed time limit- vide Rule 6- and shall not be diverted en-route to any other country."

(ii) He shall present all four copies of the invoice duly certified over his signature by the Nepal Customs Officer and authenticate it by customs stamp to the authorised officer of Land Customs and Central Excise at the border Customs post along with the goods.

(iii) With regard to goods, the import of which into India is prohibited, restricted or subject to excise duty, he will furnish the authorised officer of the Land Customs and Central Excise at the Indian border customs post with a bond in the form prescribed by the Collector of Land Customs with a surety of a Bank of standing, undertaking to produce a certificate from the Custom House at the port of exit that the goods have been duly shipped.

NOTE : 1. Such bonds shall not be required in respect of other commodities.

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2. Where an exporter or his agent deals or expects to deal with a series of consignments over a period of time, a continuing general bond may be taken to cover all such consignments instead of an individual bond for every such consignment. ; I

2. After the packages containing the goods have been examined and the correctness of the contents and description certified by the authorised officer of the Land Customs and Central Excise at the border Customs post, the goods shall be sealed by him and released for onward transmission to the port of exit via the route declared.

3. The original copy of the invoice shall be handed over to the exporter; the duplicate and triplicate copies of invoice shall be forwarded simultaneously to the Collector of Customs at the port of exit. The quadruplicate copy shall be retained by the authorised officer of Land Customs and Central Excise.

4. On arrival of the goods at the port of exit the exporter or his agent shall produce the original copy of the invoice to the Collector of Customs or an Officer appointed by him for the purpose. The goods will remain under customs control until they are duly exported after filing an export Shipping Bill.

5. The Collector of Customs or the Officer appointed by him shall (i) compare the original copy of the invoice with the duplicate and triplicate copies received by him from the authorised officer of Land Customs and Central Excise;

(ii) examine the seals on the packages and identify the packages with the particulars shown on the invoice;

(iii) if the particulars on the original copy of the invoice agree with the particulars on the duplicate and triplicate copies and the seals are intact and the packages are satisfactorily identified, allow the goods to be shipped accordingly on each of the three copies of the invoice;

NOTE: In case the seals are not found intact, he may re-seal the packages with his own seal after satisfying himself as to the identity of the packages, - and the goods from the particulars shown on the invoice, and if necessary by opening and examining the goods themselves. It should not, however, be necessary to detain the entire consignment if the seals on some packages are found broken. After ascertaining the shortages and indicating these on the relevant Nepal invoices, goods should be allowed to go forward without delay.

(iv) retain the triplicate copy and return the original duly endorsed to the exporter or his agent and send the duplicate to the authorised officer of Land Customs and Central Excise at the border.

6. In order to secure the cancellation of any bond furnished under rule 1(iii) the exporter or his agent must present an application to that effect to the authorised officer of Land Customs and Central Excise, supported by the original invoice duly certified by the Collector of Customs at the port of exit to the effect that the goods have been shipped with the Indian Customs seals intact and that the packages correspond with the details in the invoice. The original invoice should be received at the Indian border Customs post not later than six months from the date of completion

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of the invoice by the authorised officer of Land Customs and Central Excise or such extended time as the Collector of Land Customs and Central Excise might certify as being due to circumstances beyond the control of the exporter.

7. The authorised officer of Land Customs and Central Excise at the Indian border Customs post shall compare the original copy of the invoice produced by the exporter with the duplicate copy received from the customs house, before cancelling any bond furnished by the exporter. He shall report promptly to the Collector of Land Customs and Central Excise concerned, the detail of all cases where the cancellation of the bonds has not been secured within the prescribed period.

H. As regards opening for customs examination of such goods in transit, the Government of India agree that it should be reduced to the minimum (ordinarily not exceeding 3 per cent) consistent with the necessity of the Customs Officer satisfying himself that the goods imported or about to be exported are fully in accordance in respect of quantity, description and value with those described in the respective Nepal invoice and that they also otherwise conform with import/export licence issued by His Majesty's Government of Nepal to cover their importation or exportation as the case may be.

III. In respect of goods imported by Their Majesties other privileged members of the Royal family, by His Majesty's Government of Nepal (including goods received by it as foreign aid), and by the United Nations' and Diplomatic personnel and Missions accredited to His Majesty's Government of Nepal, special priorities will be afforded in the matter of compliance with the requisite formalities. As regards unaccompanied baggage of passengers who have already passed in through transit to Nepal, priority of treatment will be similarly accorded provided the Customs Officer is satisfied that the articles imported as such baggage are intended for the bonafide personal use in Nepal of that passenger.

IV. His Majesty's Government of Nepal may wish to employ a special agent for the purpose of observance of these formalities and for handling and transmission of goods in transit at the port of Calcutta. It is agreed that facilities for the due discharge of these functions will be made available to such an agent by the Customs authorities at Calcutta in terms of Sections 4 and 203 of the Indian Sea Customs Act, 1878.

V. With regard to Article XI of the Treaty of Trade and Transit the procedure agreed upon between the representatives of the Governments of India and Nepal on the 18th May, 1954, to regulate the transmission of goods of Nepalese origin from the one part of Nepal to another part through Indian territory shall apply mutatis mutandis in respect of all articles subject to import, export or excise duty and or prohibitions or restrictions on their import into or export from India.

For the Government of India.
Sd./- B.N. BANERJEE
Joint Secretary to the Government of India,

For His Majesty's Government of Nepal.
Sd./- R.P. JOSHI

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Secretary to His Majesty's Ministry of Finance. Government of Nepal,
11-9-1960

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