TREATY OF TRANSIT
BETWEEN
THE GOVERNMENT OF INDIA
AND
THE GOVERNMENT OF NEPAL

The Government of India and The 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 co-operation between the two countries,

Recognising that Nepal as a land-locked country needs freedom of transit, including permanent access to and from the sea, to promote its international trade,

Recalling the treaty of transit between India and Nepal signed on 5 January 1999,

And recognising the need to facilitate the traffic -in-transit through their territories,

Have resolved to conclude a treaty of transit in order to facilitate transit of trade with the third countries, and

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

(Shri Piyush Goyal)
Minister of C&I, CA& FPD and Textiles
For the Government of India

(Mr. Ramesh Rijal)
Minister for Industry, Commerce & Supplies
For the Government of Nepal

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 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, breaking 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 reassembly.

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 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 delays 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 coastal 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 narcotics and psychotropic substances 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

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

ARTICLE XI

This Treaty shall enter into force upon its signature and shall remain in force for a period of seven (7) years. It shall, thereafter, be automatically extended for a further period of seven (7) years at a time, unless either of the parties gives to the other a written notice, six months in advance, of its intention to terminate the Treaty provided further that the modalities, routes, conditions of transit and customs arrangement, as contained in the Protocol and Memorandum to the Treaty shall be reviewed and modified by the contracting parties every seven years, or earlier if warranted, to meet the changing conditions before the automatic renewal and such modifications shall be deemed to be the integral part of the Treaty.

This Treaty may be amended or modified by mutual consent of the Contracting Parties.

This Treaty shall supersede the existing Treaty of Transit, including its Protocol and Memorandum to the Protocol.

Signed at New Delhi on 1st June, 2023

(Shri Piyush Goyal)
Minister of C&I, CA& FPD and Textiles
For the Government of India

(Mr. Ramesh Rijal)
Minister for Industry, Commerce & Supplies
For the Government of Nepal

PROTOCOLTO THE TREATY OF TRANSIT

BETWEEN

NEPAL AND INDIA

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 Kolkata 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

Shed No. 27 Kidderpore - covering approximately 3700 square meters.

(II) OPEN SPACE

Open land at Circular-Garden covering approximately 4972 square meters.

Reach Road

Residential cum office-land space covering approximately 2000 square meters

at Haldia

Open land space at Haldia-Dock covering approximately 6985 square meters

Interior zone

2. The above storage facilities shall be given on lease by the Trustees of the Port of Kolkata (hereinafter referred to as the Trustees) to an undertaking incorporated in accordance with the relevant Indian laws and designated by the Government of Nepal for this purpose (hereinafter referred to as the Lessee).

3. The terms of the lease 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 (K.P.D.) berth No.27 shall be assigned by Kolkata Port Trust as a preferential berth to the Lessee on such terms as applicable from time to time to shipping lines of India if such a lease is finalized within six months of the renewal of the Treaty. If, this option is not exercised within this period, charter vessels carrying traffic in transit of Nepal may be assigned to 27 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 shall 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 Commissioner of Customs, Kolkata, in accordance with the relevant provisions of the laws and regulations, will provide the Lessee a Customs House Agent's licence for the clearance at the Port of Kolkata of traffic-in-transit from and to Nepal. If a licence is also required from the Port of Kolkata for this work, Kolkata Port Trust will provide such licence in accordance with the relevant provisions of their bylaws/regulations.

9. The owner of goods or the lessee, if authorised by owner, may under the supervision of the proper officer of the India 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; and
   (iv) deal with the goods and their containers in such a manner as may be necessary to prevent loss of, deterioration of 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 Kolkata Customs House. Where,

however, such functioning is necessary outside the office hours, officers for supervision would be provided by the said Customs House on payment of the prescribed fees.

11. The Trustees of the port of Kolkata shall allow seven days free time for removal of Nepali transit cargo, including containerized cargo. The continuation of such provision of free time may be reviewed after carrying out an assessment.

II With Reference to Article VI

1. Traffic-in-transit shall:

A. utilise the mutually agreed entry and exit points and pass only through one of the mutually agreed road routes as specified below:

Table 1

Serial number	Entry/Exit Point(Port)	Entry/Exit point on India-Nepal Border	Specified land route
i.	Kolkata/Haldia	Sukhia Pokhari	Road connecting Kolkata/Haldia-Dunlop Bridge-Barrackpore-Krishna Nagar-Malda-Raiganj-Dalkola-Siliguri-Sukhia Pokhari
ii.	Kolkata/Haldia	Naxalbari (Panitanki)	Road connecting Kolkata/Haldia-Dunlop Bridge- Barrackpore- Krishna Nagar-Malda-Raiganj-Dalkola-Bagdogra-Panitanki
iii.	Kolkata/Haldia	Galgalia	Road connecting Kolkata/Haldia-Dunlop Bridge- Barrackpore- Krishna Nagar-Malda- Raiganj- Dalkola- Kishanganj - Thakurganj- Galgalia
iv.	Kolkata/Haldia	Jogbani	Road connecting Kolkata/Haldia-Dunlop Bridge- Barrackpore-Krishna Nagar-Malda- Raiganj- Dalkola- Purnia-Araria - Forbesganj- Jogbani

v.	Kolkata/Haldia	Bhimnagar	Road connecting Kolkata/Haldia-Dunlop Bridge-Barrackpore-Krishna Nagar-Malda-Raiganj- Dalkola-Purnia-Araria- Forbesganj-Bhimnagar
vi.	Kolkata/Haldia	Jayanagar	Road connecting Kolkata/Haldia-Vivekananda Bridge- Dankuni- Mogra-Bardwan- Panagarh- Asansol- Kulti-Jasidih-Kiul-Mokamah-Barauni-MusariGarari-Samastipur-Darbhanga-Jayanagar. (Or) Road connecting Kolkata/Haldia-Vivekananda Bridge- Dankuni- Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Kodarma- Nawadah-Biharsharif - Bhaktiyarpur- Gandhi Setu(Patna)-Hajipur-Musari-Garari-Samastipur-Darbhanga-Jayanagar
vii.	Kolkata/Haldia	Bhitamore (Sitamarhi)	Road connecting Kolkata/Haldia-Vivekananda Bridge- Dankuni- Mogra-Bardwan- Panagarh- Asansol- Kulti-Jasidih- Kiul- Mokamah- Barauni-Muzaffarpur-Sitamarhi- Bhitamore (Or) Road connecting Kolkata/Haldia-Vivekananda Bridge- Dankuni- Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Kodarma- Nawadah-Biharsharif - Bhaktiyarpur- Gandhi Setu(Patna)-Hajipur-Muzaffarpur-Sitamarhi-Bhitamore.
viii.	Kolkata/Haldia	Raxaul	Road connecting Kolkata/Haldia-Vivekananda Bridge- Dankuni- Mogra-Bardwan- Panagarh- Asansol- Kulti-Jasidih- Kiul- Mokamah- Barauni-Muzaffarpur-Motihari-Sugauli-Raxaul. (Or)

			Road connecting Kolkata/Haldia-Vivekananda Bridge- Dankuni- Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Kodarma- Nawadah-Biharsharif - Bhaktiyarpur- Gandhi Setu(Patna)-Hajipur-Muzaffarpur- Motihari-Sugauli- Raxaul
ix.	Kolkata/Haldia	Nautanwa (Sonauli)	Road connecting Kolkata/Haldia-Vivekananda Bridge- Dankuni- Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Ghazipur-Gorakhpur- Nautanwa- Sonauli.
x.	Kolkata/Haldia	Barhni	Road connecting Kolkata/Haldia-Vivekananda Bridge- Dankuni- Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Ghazipur-Gorakhpur- Basti- Barhni.
xi.	Kolkata/Haldia	Jarwa	Road connecting Kolkata/Haldia-Vivekananda Bridge- Dankuni- Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Ghazipur-Gorakhpur- Basti-Balarampur- Jarwa.
xii.	Kolkata/Haldia	Nepalgunj Road	Road connecting Kolkata/Haldia-Vivekananda Bridge- Dankuni- Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Jaunpur-Sultanpur-Lucknow-Baharaich-Nepalgunj Road. (Or) Road connecting Kolkata/Haldia-Vivekananda Bridge- Dankuni- Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Ghazipur-Gorakhpur-Basti-Baharaich-Nepalgunj Road
xiii.	Kolkata/Haldia	Tikonia	Road connecting Kolkata/Haldia-Vivekananda Bridge- Dankuni- Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Jaunpur-

			Sultanpur-Lucknow-Baharaich-Tikonia. (Or) Road connecting Kolkata/Haldia-Vivekananda Bridge- Dankuni- Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Ghazipur-Gorakhpur- Basti- Baharaich- Tikonia
xiv.	Kolkata/Haldia	Gauriphanta	Road connecting Kolkata/Haldia-Vivekananda Bridge- Dankuni- Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Jaunpur-Sultanpur-Lucknow-Baharaich-Gauriphanta. (Or) Road connecting Kolkata/Haldia-Vivekananda Bridge- Dankuni- Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Ghazipur-Gorakhpur-Basti-Baharaich-Gauriphanta
xv.	Kolkata/Haldia	Banbasa	Road connecting Kolkata/Haldia - Vivekananda Bridge- Dankuni- Mogra-Bardwan-Panagarh-Asansol-Dhanbad-Barhi-Aurangabad-Sasaram-Varanasi-Jaunpur-Sultanpur- Lucknow- Shahjahanpur-Bareilly-Pilibhit- Banbasa
xvi.	Vishakhapatnam	Biratnagar	Road connectingVishakhapatnam-Bhimunipatnam–Srikakulam-Chatrapur-Cuttack-Bhadrak-Baleswar-Kharagpur-Dunlop bridge Barrakpore-Krishnanagar-Malda-Raiganj-Dalkola-Purnia- Araria-Forebesgunj- Jogbani-Biratnagar
xvii.	Vishakhapatnam	Birgunj	Road connecting Vishakhapatnam-Bhimunipatnam–Srikakulam-Chatrapur-Cuttack- Deogarh- Gumla-Ranchi-Kodarma-Nawada-Biharsharif-Bakhtiyarpur-GandhiSetu(Patna)-Hajipur-Muzaffarpur-Motihari-Sugauli-Raxaul-Birgunj.

xviii.	Vishakhapatnam	Bhairahawa	Road connecting Vishakhapatnam-Bhimunipatnam–Srikakulam-Chatrapur-Cuttack- Deogarh- Gumla-Ranchi-Hazaribagh-Barhi-Aurangabad- Sasaram-Varanasi-Ghazipur-Gorakhpur-Nautanwa(Sonauli)- Bhairahawa
xix.	Vishakhapatnam	Nepalgunj	Road connecting Vishakhapatnam-Bhimunipatnam–Srikakulam-Chatrapur-Cuttack- Deogarh- Gumla-Ranchi-Hazaribagh-Barhi-Aurangabad- Sasaram-Varanasi-Paunpur-Sultanpur-Lucknow-Baharaich-NepalgunjRoad-Nepalgunj

NOTE:

a) The particulars of one of these mutually agreed routes, at the option of the importer or the exporter, as the case may be, shall be mentioned in the Customs Transit Declaration.

b) Roads passing through Kolkata Airport, Barasat and Raiganj may be provided as an alternative route out of Kolkata in respect of all routes specified above passing through Raiganj, with prior endorsement on the Customs Transit Declaration by the appropriate Customs authority.

c) Project cargo, heavy lift cargo and odd dimension cargo moving out of Kolkata may be allowed to go via Kharakpur and Dhanbad in respect of all routes passing through Dhanbad, with prior endorsement on the Customs Transit Declaration by the appropriate Customs authority.

d) Movement out of Kolkata through Vidhya Sagar Sethu may be permitted for all routes passing through Dankuni, with prior endorsement on the Customs Transit Declaration by the appropriate authority.

e) The traffic-in-transit shall be allowed to move through alternative road or roads, with prior permission of the nearest Indian Customs Officer, not below the rank of Superintendent, if the specified road or roads become unserviceable or unusable due to unforeseen events.

f) The movement of traffic-in transit between Vishakhapatnam port and Nepal will be in sealed containers only.

B. utilise the mutually agreed exit and entry points and one of the mutually agreed rail routes as specified below:

Table 2

S.no	Entry/Exit Point(Port)	Entry/Exit point on India-Nepal border	Remarks
i.	Kolkata	Raxaul	
ii.	Kolkata	Jogbani	Only for bulk cargo specified in Note (a)
iii.	Kolkata	Nautanwa (Sunauli)	Only for bulk cargo specified in Note (a)
iv.	Vishakhapatnam	Raxaul	
v.	Vishakhapatnam	Jogbani	
vi.	Vishakhapatnam	Nautanwa (Sunauli)	Only for bulk cargo specified in Note (a)

NOTE:

a) Bulk cargo shall mean Fertilizer, Coal, Clinker and Cement.

b) Kolkata – Raxaul route involves movement of goods-in-transit by direct train services from Kolkata/Haldia Ports to Birgunj in Nepal via Raxaul.

c) The operation of rail services between Kolkata/Haldia Ports and Birgunj in Nepal would continue to be governed by the India-Nepal Rail Services Agreement, Procedure for Customs examination and clearance for goods on this route are annexed to the Rail Services Agreement.

d) The movement of traffic-in-transit between Vishakhapatnam port and Nepal will be in sealed containers only. However, this restriction shall not apply to bulk cargo, specified in (a) above.

e) The operation of rail services between Vishakhapatnam and Birgunj in Nepal via Raxaul would be governed by the India-Nepal Rail Services Agreement.

f) The movement of transit traffic through rail route connecting Vishakhapatnam-Jogbani shall be subject to the following conditions:

(i) Movement of Cargo will be in full rake only; and

(ii) The cost of transshipment if any, will be borne by the consignor/consignee.

g) The transit facilities through Radhikapur-Birol and Rohanpur-Singhabad routes, relating to Nepal's trade with and through Bangladesh, will continue to be governed by the terms of the Memorandum of Understanding between India and Bangladesh to facilitate overland transit traffic between Nepal and Bangladesh.

Provided that:

(i) these road/rail routes may be discontinued or new ones added by mutual consent; and

(ii) the movement of bulk cargo specified in Note (a) to Nepal, for the movement by rail, shall comply with the following additional conditions:

a) the cargo shall move by rail from the entry points in India to Jogbani/Nautanwa(Sunauli) railway stations and thereafter by road on Jogbani-Biratnagar and Nautanwa(Sunauli)-Bhairahawa routes based on prior intimation given to Indian Customs, as and when such movements are anticipated.

b) the movement of cargo shall take place in covered wagons or in containers moving in flat wagons duly examined and sealed by Customs at entry points. The movement of coal and clinker, however, will be in open wagons.

c) For the traffic to Birgunj via Raxaul, the cargo will move directly to Birgunj, without handling at Raxaul.

d) Only covered wagons and open wagons will be allowed for movement of cargo from the entry points to Nautanwa (Sunauli).

e) the operations of unloading and transporting of cargo across the India-Nepal border through the border crossing points specified

in (a) shall be carried out under customs supervision of respective Land Customs Stations. The intactness of the Customs seal affixed at the entry points shall be ensured at these Land Customs Stations, before permitting the unloading of cargo.

f) prior intimation of arrival of such cargo shall be given to the Principal Commissioner/Commissioner of Customs, Customs House Kolkata or the Principal Commissioner/Commissioner of Customs (Port) Vishakhapatnam as the case may be and the Principal Commissioner/Commissioner of Customs (Preventive) Patna or the Principal Commissioner/Commissioner of Customs (Preventive) Lucknow, as the case may be at least 5 days before the arrival of such cargo at the entry points in the manner prescribed as per Form as per Annex-A.

C. utilise the mutually agreed entry, transshipment and exit points using multimodal transportation, and pass only through one of the mutually agreed routes, utilizing waterways and road routes, as given below:

a. Kolkata/Haldia – Sahibgunj (by inland waterways); Sahibgunj-Manihari (by inland waterways); Manihari-Jogbani/ Biratnagar (by road)

b. Jogbani/Biratnagar- Manihari (by road); Manihari- Sahibganj (by inland waterways); Sahibganj - Kolkata/Haldia (by inland waterways)

c. Kolkata/Haldia – Sahibgunj (by inland waterways); Sahibgunj-Bhagalpur -Jogbani/ Biratnagar (by road)

d. Jogbani/Biratnagar- Bhagalpur- Sahibganj (by road); Sahibganj-Kolkata/Haldia (by inland waterways)

e. Kolkata/Haldia – Kalughat (by inland waterways); Kalughat – Raxual/ Birgunj (by road)

f. Raxual/Birgunj- Kalughat (by road); Kalughat- Kolkata/Haldia (by inland waterways)

g. Kolkata/Haldia – Varanasi (by inland waterways); Varanasi-Sunauli/ Bhairawa (by road)

h. Bhairawa/Sunauli-Varanasi (by road); Varanasi-Kolkata/Haldia (by inland waterways)

Provided that:

1. these multimodal routes may be modified or new ones added by mutual consent.

2. in accordance with the size of vessels and limitations of their plying certificates for navigation, transshipment facilities shall be provided from sea vessels to River Sea Vessels (RSV)/Inland Vessels in Kolkata Port Trust jurisdiction and any other agreed points in India.

3. the following conditions shall apply for Freight, Charges and Fees:

    a. all payments and charges in connection with the movements of cargo shall be the responsibility of shipping line or its representative or custodian/operator/carrier of cargo.

    b. domestic rates of charges and fees in the transit territories will be applicable for all modes of transport and logistics services extended to the traffic-in-transit. However, such charges and fees shall be exempted from the Central or State Government taxes, levy and duties.

    c. the shipping line or its representative or custodian/operator/carrier of cargo shall be responsible for the freight and other logistics costs arising from the use of inland waterway including allied infrastructure and trans-shipment.

4. the following conditions shall apply for Vessels Ownership, Survey and Registration, Navigation Permit and Flying Flags:

a. Vessels sailing or plying in the specified routes should be certified/registered in accordance with any of the followings:

1) Inland Vessels Act 2021 of India (As amended from time to time) in case of Indian flag vessels; or
2) Merchant Shipping Act of India (RSV category) in case of Indian flag vessels; or
3) dual registration under Inland Vessels Act and Merchant Shipping Act of India (RSV category) in case of Indian flag vessels; or
4) relevant national legislation of Nepal in case of Nepali flag vessels.

Note: In case of Para 4 a) (2), the vessels will be required to carry a Kolkata Port Trust pilot on board during their movement within Kolkata Port Trust limit below Kolkata.

In case of Para 4 a) (4), within Kolkata Port Trust's limit,the vessels will have to carry an Inland Master certified by the state Inland Water Transport Authority to be assigned by the Kolkata Port Trust for safer navigation purpose.

b. The relevant documents shall be presented by the Master of the vessels at the points of entry and/ or ports of call as may be required during the voyage.
c. The vessels having navigation permission for cargo movement will be allowed to utilize all related available infrastructure, logistics and handling facilities on the terms and conditions as applicable to Indian vessels.
d. The vessels of Nepal shall be accorded facilities of sailing under Nepali national flag on the agreed routes.

D. comply with the procedure as set out in the Memorandum annexed hereto.

E. 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.

1A. Traffic-in-transit for Nepal's trade with and through Bangladesh is also permitted through Kakarbhitta (Nepal) to Banglabandha (Bangladesh) via Phulbari (India). The Memorandum to the Protocol, in conjunction with the "operating modalities" as given below, shall act as the working arrangements for transit along this route.

i. Trucks carrying cargo-in-transit would move in convoys of a maximum of 20-25 trucks.

ii. Cargo-in-transit would move in "pilfer-proof" containers/trucks capable of being sealed.

iii. Transit will take place on all working days at specified times during daylight hours.

iv. The gross vehicle weight of trucks should not exceed 16.2 tonnes for convention vehicles and 19 tonnes for three or multi-axle vehicles.

v. The convoy would be escorted from entry to exit point.

vi. Only trucks with Nepali registration can be utilized for the transit.

vii. Drivers/assistants/cleaners, who would travel with the trucks, should hold identity cards, issued by the authorities of the Government of Nepal.

viii. The goods will not be subject to usual customs examination and other checks as long as the seals have not been tampered with or unless there are valid reasons to do so.

ix. The following categories of goods shall not be allowed for transit (Negative List):

a. Fire arms and ammunition
b. Hazardous cargo
c. Gold and silver bullion
d. Goods prohibited for protecting human, animal and plant life
e. Antiques and similar other objects
f. Narcotics and psychotropic substances

x. Government of Nepal would require to appoint authorized agents (declarants) at Panitanki/Phulbari who would represent the importers/exporters for the purpose of liaison with concerned Indian authorities. All Nepalese importers/exporters would have to use the services of these agents. The agents would be accountable for the actions of these importers/exporters in respect of transactions.

xi. The insurance requirements for Nepali cargo-in-transit on this route would be waived provided the Nepal Transit and Warehousing Company Ltd. gives an undertaking to compensate for the possible revenue losses.

xii. Government of India and Government of Nepal would take all necessary steps as may be required, for initiating action against offenders when serious violations of the principles governing the transit along this route are noticed.

xiii. The requirement of convoy and escorting will not be applicable:

a. for cargo contained in sealed containers, including containerised trucks, subject to affixation of One Time Seal (OTS) by Indian customs at border LCS of entry and noting of the serial number of the OTS on the Customs Transit Declaration for verification at the border LCS of exit

b. provided the sensitive goods, as specified by the Government of India from time to time with prior intimation to the Government of Nepal, shall be covered by an insurance policy or a bank guarantee or such legally binding undertaking to the satisfaction of the Jurisdictional Customs Officer. For other goods, a legally binding undertaking is submitted by the importer/exporter as the case may be that the amount equal to the difference between the market value of goods in India and their C.I.F. value shall be paid, on demand to the Jurisdictional Customs Officer, in the event of goods not reaching Nepal/Phulbari Customs, as the case may be.

2. Wherever en-route 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 transit to Nepal, while in the process of removal to or from the warehouses or other storage places that may be leased out in Kolkata Port for the storage of such goods and also while in storage or under the process of packing, sorting, separation, etc., in such warehouses or storage places, shall be subject to Indian laws and regulations.

4. The procedure in the following sub-paragraphs shall apply, mutatis mutandis, to road/rail transport:

   (a) Arms, ammunition and hazardous cargo shall not be allowed to be transported by road.

   NOTE:

   1. With reference to hazardous cargo, exception can be permitted as shall be mutually agreed.

   2. Petroleum products, chemical fertilizer and industrial alcohol shall be allowed, as exceptions in terms of Note 1 above, to be transported by road, subject to compliance with fire, safety and other statutory requirements.

   (b) Goods declared sensitive for foreign trade by Government of India from time to time with prior intimation to Government of Nepal, shall be permitted transit on the following routes:

   1) Kolkata-Naxalbari (Panitanki)
   2) Kolkata-Jogbani
   3) Kolkata-Raxaul
   4) Kolkata-Raxaul- ICD Birgunj
   5) Kolkata-Nautanwa (Sunauli)
   6) Kolkata-Nepalgunj Road
   7) Kolkata-Banbasa

(b1) Sensitive goods shall be permitted transit by marine container or pilfer-proof container trucks or railway wagons at the option of the importer/exporter.

(c) Bulk cargo, such as boulders, fertilizer, cement, vegetables and fruits, shall be permitted in open trucks also.

(c1) Movement of vehicles shall also be permitted "on their own power" subject to following conditions:

(i) The procedure of examination applicable to such vehicles will be similar to that applicable to non-containerized cargo and cargo in open trucks at the port of import and at border Land Custom Stations (LCS) respectively. The Indian customs officials at the port of import and at the Land Customs Stations of exit shall examine the vehicles to check whether the goods are in accordance with the Customs Transit Declaration (CTD) and conform to the import license, wherever such license is issued and the letter of credit. The vehicles will be approved for onward transmission if they are found to be in accordance with the said license and/or the said letter of credit and the Customs Transit Declaration and further, at the LCS of exit, if they conform to the description and the quantities of the vehicles and its parts, spares and accessories, as found at the port of import and recorded on the CTD.

(ii) The vehicles transported "on their own power" shall be included in the list of sensitive goods under the Memorandum to the Protocol to the Treaty of Transit, and shall be covered by an insurance policy or a bank guarantee, at the option of the importer, for an amount equal to the difference between the market value of the goods in India and their CIF value. The insurance policy or a bank guarantee shall be assigned to the Commissioner of the Customs, Kolkata and the amount shall become payable to the said Commissioner, in the event of the goods not reaching Nepal.

(iii) The movement of vehicles "on their own power" to Nepal shall be allowed only through the border points (LCSs) of Raxaul-Birgunj, Jogbani-Biratnagar, Sonauli-Bhirahawa and Nepalgunj road-Nepalgunj.

(d) Goods other than those mentioned in sub-paragraphs (a), (b), (c) and (c1) above shall be permitted transit by railway wagons or marine containers or pilfer-proof container trucks or any other trucks, capable of being sealed in a manner that will leave no visible trace of tampering, at the option of the importer.

(e) Pilfer-proof container trucks shall conform to specifications mutually agreed upon and shall be capable of being locked and sealed. The containers shall be locked and sealed by the Indian Customs.

(f) Individual packages shall be sealed by Indian Customs provided that:

(i) 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 person and the container is sealed and the provision of sub-paragraph (e) above is complied with;

(ii) sealing of individual packages may also be dispensed with when consignments consigned to different consignees are imported packed in one single recognised container, provided the entire contents of the container are transported in one single sealed container (not trucks) and the provision of sub-paragraph (e) above is complied with.

(g) If the truck breaks down, the nearest customs officer shall be approached with the least possible delay.

(h) The Contracting Parties may mutually agree to any other modifications that may be considered necessary from time to time.

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.

7. The movement of Nepalese private commercial vehicles from the Nepalese border to Kolkata/Haldia and back will be allowed on such vehicles being duly authorized by the Government of Nepal or the Nepal Transit and Warehousing Company Ltd. and the necessary undertaking being given by them to the Indian customs authorities.

III. With Reference to Article X

1. Officials designated by the two Governments shall meet separately at the appropriate levels as and when necessary and determine procedures as may be appropriate to discuss and resolve any problem that may arise in the effective and harmonious implementation of the issues relating to transit trade.
2. There shall be an Inter-Governmental Committee consisting of the senior representatives of the two Governments to facilitate transit trade. The Committee shall meet at least once in six months, alternatively in Nepal and India. If any question remains unresolved in the meetings on the official groups referred to in the foregoing paragraph, they shall be referred to this Committee which will find solutions thereof. The Committee may also deal with any matter on its own in order to further the purpose envisaged in the Treaty.

ANNEX A

FORM FOR PRIOR INTIMATION FOR MOVEMENT OF FERTILIZERS, COAL, CLINKER AND CEMENT BEING IMPORTED BY NEPAL THROUGH KOLKATA/ HALDIA/VISHAKHAPATNAM PORTS AND TRANSITING THROUGH TO JOGBANI/ NAUTANWA (SONAULI).

To

1. The Principal Commissioner of Customs/Commissioner of Customs (Port),Kolkata,

OR

The Principal Commissioner of Customs/Commissioner of Customs (Port), Vishakhapatnam

(as the case may be)

2. The Principal Commissioner of Customs/ Commissioner of Customs (Preventive), Patna

OR

Principal Commissioner of Customs/ Commissioner of Customs (Preventive), Lucknow

(as the case may be)

In terms of proviso (ii) to the Note in Para 1B of the Section II of the Protocol to the Treaty of Transit between Nepal and India please be intimated that the following goods are expected to arrive at Kolkata/Haldia/Vishakapatnam port for Transit to Nepal.

S. No.		
1	Name of the Ship and Voyage Number	
2	Name and Address of the Importer	
3	Description of the Goods	
4	Quantity of the Goods	
5	Bill of Lading Number and Date	
6	Invoice Number	
7	Invoice Value (with currency)	
8	Import License Number and Date (if available)	
9	Letter of Credit Number and Date (if available) and Name and Address of the Issuing Bank	
10	Route of Transit	

It is requested that necessary arrangements for facilitation of clearance of the cargo may please be made

[ ]

Signature of the importer or his authorized agent

MEMORANDUM TO THE PROTOCOL TO THE

TREATY OF TRANSIT BETWEEN NEPAL AND INDIA

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

A. Export and Import Procedures for traffic-in-transit through multimodal routes using inland waterways:

1. For the movement of traffic in transit through multimodal transportation, using waterways and road routes and passing through mutually agreed routes, the following procedure will apply for customs clearance:

    a) the shipping line or its representative or custodian/operator/carrier of cargo shall declare the traffic in transit as Transshipment Cargo at the time of filing of arrival manifest at the customs station of entry in India and also declare the name of the customs station of exit in India and the final port of destination of the cargo.

    b) the shipping line or its representative or custodian/operator/carrier of Cargo shall provide a copy of the commercial invoice and bill of lading covering the consignment to the proper officer of customs at the customs station of entry in India.

    c) the shipping line or its representative or custodian/operator/carrier of Cargo shall execute a Transshipment Bond, undertaking responsibility for the safe movement of goods through India. They shall also be allowed to execute a Continuity Bond.

    d) the amount to be debited from the Continuity Bond of the shipping line or its representative or custodian/operator/carrier of Cargo concerned shall be equivalent to the amount debited for transshipment of India's EXIM cargo.

e) on fulfilment of the requirement set out in paragraphs (a) to (d) above, Indian Customs shall issue a Transshipment Permit allowing the movement of the consignment through India. The Transshipment Permit shall be issued in triplicate.

f) the cargo shall be sealed and move under an Electronic Cargo Tracking System (ECTS) seal. The ECTS seals shall be procured from the Seal Provider authorized for this purpose. In case of non-containerized cargo, the cargo shall be loaded in a manner that the ECTS seal is affixed and offers clear evidence in case of any attempt to tamper with the cargo.

g) in case where the "Shipper's seal" affixed on the container arrived at the customs station of entry in India is found to be broken or defective, the Indian Customs authorities shall make due verification of the goods to check whether the same are in accordance with Bill of Lading. If tallied, they shall affix the ECTS seal before the Transshipment is allowed.

h) the details of the Containers, names of the Nepalese importer or exporter (as the case may be), Manifest Number and Bond Number and the corresponding ECTS seal affixed shall be entered in a web application authorized for this purpose by Indian Customs, before commencement of the transshipment movement.

i) one copy of the Transshipment Permit shall be retained in the customs station of entry in India and two copies shall be handed over to the carrier for being carried along with the goods. Out of these two copies, one copy is to be surrendered at Customs Station of exit in India. In case of imports to Nepal, the third copy shall be handed over to Customs at the port of entry in Nepal by the carrier. In case of exports from Nepal, the third copy shall be forwarded to Customs at the port of exit in Nepal, by the customs at the port of exit in India.

j) during transfer of cargo from one mode of transport to another as per the agreed routes in paragraph 1 (C) of Section II of the Protocol, the

Vessels operator or the Carrier or Custodian of Cargo shall make suitable arrangements for unloading of cargo and transfer to other mode of transport for completion of the transit journey in a manner that the cargo remains secure and the ECTS seal remains intact.Provided where the ECTS seal affixed upon entry into India is required to be removed for any valid reason, such removal and re-affixation of the seal shall be carried out under the supervision of Indian Customs.

k) the cargo affixed with the ECTS seal shall be halted at customs station of exit in India for unsealing, which shall be carried out by the officer of Indian Customs. The Customs Officer shall, before unsealing, check the status of the seal using the web application provided for this purpose. If no alert of unauthorized unsealing is found, the Customs Officer shall remove the ECTS seal. He shall make an endorsement of unsealing on both the copies of Transshipment Permit.

l) in case the ECTS web application indicates an alert about any unauthorized unsealing, the Indian Customs authorities shall make due verification of the goods to check whether the goods are in accordance with Transshipment Permit. If the goods tally with description as per the Transshipment Permit and commercial invoice, the consignment will be allowed for Transshipment.

m) reconciliation of transshipment consignments and discharge of the Bond submitted by the Vessels operator or Custodian of Cargo will be done based on the electronic reports generated by the ECTS system on unsealing of ECTS seal at customs station of exit in India.

n) in the event of any diversion of transshipment cargo within India, the Commissioner of Customs in charge of the customs station of entry in India may initiate necessary action against the Vessels operator or Custodian of Cargo to ensure that the Customs duty, interest, fine and penalty due to the Government of India is recovered. Details of such cases shall be informed to the Government of Nepal through the Central Board of Indirect Taxes and Customs.

2. The Contracting Parties agree to take all necessary measures for facilitating sea and inland water transportation, including by simplification of customs documentation and other requirements.
3. Customs and other formalities for the movement of crew members and their accompanied baggage under this operating modality will be made as simple as possible subject to the existing rules, regulations and procedures in both the countries. Standard Operating Procedure (SOP) for movement of crew members of Nepali vessels shall be prepared in mutual consultation.
4. The Contracting Parties will allow the vessel operators to be equipped with radio-telephone for speedy communications in conformity with the prevailing regulations of the respective countries.
5. Insurance of cargo and means of transport shall be the responsibility of the respective owners and the certificate of such insurance shall be accompanied by the transport operator during movements.

B. Export and Import Procedures for other traffic-in-transit

I. IMPORT PROCEDURE

When goods are imported from third countries for Nepal in transit through India, the following procedure shall be observed: -

1. (a) Transit of Nepalese imports, shall be allowed against import licences issued by the Government of Nepal, wherever such licences are issued, and letters of credit opened through a commercial bank in Nepal.

   (b) In case of Nepalese imports for which there is no requirement of import licence or letter of credit, the Nepali Consul General, Deputy Consul General of Consul at Kolkata 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

the Government of Nepal without the requirement of import licence or letter of credit."

Signature and Seal

Note: The Government of Nepal shall arrange to supply through the Embassy of India at Kathmandu or directly to the Commissioner of Customs, Kolkata, the specimen signature or signatures of official or officials who are authorised to sign import licences issued by the Government of Nepal. It shall also arrange to have a copy each of the import licences, wherever such licences are issued by it for such goods, sent directly to the Commissioner of Customs, Kolkata.

2. At the Indian port of entry (hereinafter called 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) Name of the ship, Rotation number and Line number;

(b) Name and address of the importer;

(c) Number, description, marks and serial number of the packages;

(d) Country of consignment and country of origin, if different;

(e) Description of goods;

(f) Quantity of goods;

(g) Value of goods;

(h) Import licence number and date;

(i) Letter of credit number, date and name and address of issuing bank;

(j) Route of transit (one of the mutually agreed routes); and

(k) 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 herein above are true and correct to the best of my/our knowledge and belief".

Signature

3. The Customs Transit Declaration shall be made in sextuplicate. All copies along with the bill of lading, invoice, packing list and a copy of the import licence issued by the Government of Nepal, wherever such licence is issued, and a copy of the letter of credit, authenticated by the Consulate General of Nepal in Kolkata or the issuing bank, shall be presented to the Customs House. The copy of the import licence and the letter of credit so presented shall be examined by the Customs House against the copy of the import licence and/or the statement of particulars of the letter of credit received directly from the Government of Nepal. No other additional document may be asked for, except where considered necessary for clearance of specific goods.

4. Nepali imports shall be removed to Nepal sheds within free time, if not already put in wagons or trucks. An authorization with removal instructions of the owner for the purpose shall be necessary for removal.

5.(a) In respect of containerized cargo, the following examination procedure shall be followed:

(i) On arrival of the Nepalese containerized cargo, the Indian customs officer posted at the seaport, shall merely check the 'one-time-lock' of the container put on by the shipping agent or the carrier authorised by the shipping company. If found intact, the customs officer shall allow transportation of the containerised cargo, without examination, unless there are valid reasons to do otherwise.

(ii) In case where the 'one-time-lock' on the container arriving at the seaport in India is found broken or defective, the Indian customs authorities shall make due verification of the goods to check whether the same are in accordance with the Customs Transit Declaration, put fresh 'one-time-lock' and allow the container to

move to the destination. The serial number of the new 'one-time-lock' shall be endorsed in the Customs Transit Declaration.

(b) In respect of non-containerised cargo, the Custom House shall make a selective 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 issued, and the letter of credit. Goods for Nepal as covered by the said licence and/or the said letter of credit 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 selective percentage examination referred to in sub-paragraph 5(b) shall mean that a percentage of the total packages in a consignment will be selected for examination and not that a percentage of the contents of each of the packages comprised in the consignment will be examined.

6. Goods shall be transported from the customs port of entry to the border land customs station by the means of the transport provided in sub-paragraphs (a), (b), (b1), (c) and (d) of paragraph 4 of the Protocol with reference to Article VI of the Treaty of Transit and shall be locked and sealed in the manner provided in sub-paragraph (e) of paragraph 4 of the Protocol with reference to Article VI of the Treaty of Transit after examination as mentioned above.

7. Where goods cannot be transported in closed wagon or pilfer-proof container trucks or sealed tarpaulin covered trucks and have to be transported in open wagons or flats or open trucks, detailed identifying particulars shall be recorded in the Customs Transit Declaration.

8. Small consignments of traffic-in-transit will be accepted for booking by railway from one of the agreed warehouses leased to Nepal Transit and Warehousing Company Ltd. provided the minimum load condition as applicable in Indian Railway is satisfied.

9. The sensitive goods, as specified by the Government of India from time to time with prior intimation to the Government of Nepal, shall be covered by an insurance policy or a bank guarantee and/or such legally binding undertaking to the satisfaction of the Commissioner of Customs, Kolkata, in the manner indicated below:-

(a) Goods moving by rail up to the border shall be covered by an insurance policy or a bank guarantee, at the option of the importer, for an amount equal to the Indian customs duties on such goods. This insurance policy or bank guarantee shall be assigned to the Commissioner of Customs, Kolkata, and the amount shall become payable to the Commissioner in the event of the goods not reaching Nepal.

(b) Goods moving by road in trucks belonging to Nepal Transit and Warehousing Company Ltd. or Nepal Transport Corporation shall be covered by an insurance policy or a bank guarantee, at the option of the importer, for an amount equal to the Indian Customs duties on such goods. This insurance policy or bank guarantee shall be assigned to the Commissioner of Customs, Kolkata, and the amount shall become payable to Commissioner in the event of the goods not reaching Nepal. In addition, Nepal Transit and Warehousing Company Ltd. or Nepal Transport Corporation, as the case may be, shall give an undertaking to the Commissioner of Customs, Kolkata, to pay the difference between the market value of goods in India and their c.i.f. value plus Indian Customs duties in the event of the goods not reaching Nepal.

(c) Goods moving by road in trucks other than those mentioned at sub-paragraph (b) above shall be covered by an insurance policy or a bank guarantee, at the option of the importer, for an amount equal to the difference between the market value of the goods in India and their c.i.f. value. This insurance policy or bank guarantee shall be assigned to the Commissioner of Customs, Kolkata, and the amount shall become payable to the Commissioner in the event of the good not reaching Nepal.

(d) The insurance policy shall be obtained by the importer from an insurance company authorised to do business in India on such terms and conditions, to the satisfaction of the Commissioner of Customs, Kolkata, which will guarantee that the insured amount shall become payable forthwith to the Commissioner on receipt of a notice to the insurance company from the Commissioner of Customs, Kolkata, after satisfying himself that the goods have not reached Nepal.

NOTE : 1.In respect of goods belonging and consigned to the Government of Nepal under sub-paragraph (a) and (b) above, no insurance or bank guarantee shall be required, provided an undertaking or a further undertaking, as the case may be, is given by Nepal Transit and Warehousing Company Ltd. or Nepal Transport Corporation in lieu thereof.

2. No such requirements will be necessary in respect of goods carried by air without transshipment en-route 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 importer.

4. When the Customs Transit Declaration, duly endorsed and authenticated, both by the border land customs stations in India and Nepal, is received at the corresponding Indian border land customs station within the prescribed period, it will be accepted as an evidence that goods have reached Nepal.

5. The expression "Indian Customs duties" wherever it appears in the Treaty, Protocol and Memorandum shall mean such duties as are levied on import of goods into India.

9A. For goods other than those specified as sensitive by the Government of India in terms of paragraph 9 above, the importer shall furnish, to the satisfaction of the Commissioner of Customs, Kolkata, a legally-binding undertaking that

the amount equal to the difference between the market value of the goods in India and their CIF value shall be paid, on demand, to the Commissioner of Customs, Kolkata, in the event of the goods not reaching Nepal.

9B. The Commissioner of Customs, Kolkata, shall provide to the concerned department of the Government of Nepal, from time to time, details of cases where the goods, including those goods which have not been insured, do not appear to have crossed into Nepal. The Government of Nepal shall thereupon carry out inquiries and make all possible efforts to ensure that the concerned persons pay the dues to the Government of India.

10. After the Customs House is satisfied as regards 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 remaining copies shall be retained by the Customs House. In order to avoid delay in postal transmission, duplicate and triplicate copies of the Customs Transit Declaration, along with copy of the original railway receipt, shall be handed over to the importer or his authorized 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 pilferage, 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 meter-gauge.

12. (a) on arrival of the containerised cargo at the border land customs station or at the border railway station, as the case may be, the following examination procedure will be followed:

(i) On arrival of the Nepalese containerised cargo, the Indian customs authorities posted at the land customs station or the railway station shall merely check the 'one-time-lock' of the container put on by the shipping agent or the carrier authorised by the shipping company or the

customs authorities at the sea port or during the transit and, if found intact, shall approve for onward transmission of the containerised cargo, without examination of the cargo unless there are valid reasons to do otherwise.

(ii) In case where the 'one-time-lock' of the container is found broken or defective, the Indian customs authorities posted at the land customs station or the railway station, as the case may be, shall make due verification of the goods to check whether the goods are in accordance with Customs Transit Declaration and conform to the import licence, wherever such licence is issued, and the letter of credit.

(iii) If, on verification, the goods are found in accordance with the Customs Transit Declaration and conform to the import licence, wherever such licence is issued, and the letter of credit, the Indian customs authorities posted at the border land customs station or the railway station shall put fresh 'one-time-lock' and approve for onward transmission of the container. The serial number of the new 'one-time-lock' shall be endorsed by the Indian customs authorities posted at the border land customs station or the railway station on the Customs Transit Declaration.

(b) On arrival of the non-containerised cargo at the border land customs station or at the border railway station, as the case may be, the following examination procedure will be followed:

(i) The sealed railway wagons or the sealed marine containers or the sealed pilfer -proof containerised trucks or the sealed tarpaulin covered trucks, as the case may be, shall be presented to the Indian customs authorities posted at the border land customs station or the railway station, who shall examine the seals and locks and, if satisfied, shall permit onward transmission, or the unloading or breaking of bulk, as the case may be, without examination of the cargo unless there are valid reasons to do otherwise.

(ii) In cases where seals and locks on the wagons or on the marine containers or on the pilfer -proof containerised trucks or on the tarpaulin covered trucks or on the packages are found broken or defective, or there is suspicion otherwise, the Indian customs authorities posted at the border land customs station or the railway station, as the case may be, shall examine 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 issued, and the letter of credit. Goods for Nepal, as covered by the said licence, wherever such licence is issued, and the said letter of credit and also in accordance with the Customs Transit Declaration shall be approved for onward transmission through such escorts or supervision as may be necessary to ensure that the goods cross the border and reach Nepal. However, in making such examination, avoidable delays shall be curtailed to the utmost in order to expedite the traffic-in-transit.

(c) On arrival of the traffic-in-transit in open trucks, or open railway wagons, the Indian customs authorities at the border land customs station shall carry out such selective percentage examination as is deemed necessary to ensure that goods are in accordance with the Customs Transit Declaration and conform to import licence, wherever such import licence is issued, and the letter of credit.

12A. On arrival of traffic-in-transit mentioned at sub-paragraphs (a), (b) and (c) of paragraph 12 above at the border land customs station or at border railway station, as the case may be, the importer shall present the original copy of the Customs Transit Declaration duly endorsed by the Indian Customs House of entry, to the Indian customs officer at the border land customs station, who shall compare the original copy with the duplicate and triplicate received by him and will, after satisfying himself as regards the checks contemplated at sub-paragraphs (a), (b) and (c) of paragraph 12 above, endorse all the copies of the Customs Transit Declaration. The goods in transit shall be allowed onward movement by road or rail, as the case may

be, only after clearance as above by the Indian customs officer at the land customs station or the railway 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 customs officer posted right at the border, such officer will certify on the copies of the Customs Transit Declaration that 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 office 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 a customs stamps on the original copy of the Nepalese import licence, if any, letter of credit and the original and the triplicate copy of the Customs Transit

Declaration that the packages correspond in all material respects with the particulars shown in the Declaration and in all material respects with the Nepalese import licence and the letter of credit, wherever required or opened as the case may be, and that the goods have been cleared from the Nepalese Customs custody for entry into Nepal.

(ii) hand over, under acknowledgement, duly endorsed and authenticated original copy of the Customs Transit Declaration to the importer, who will present it to the corresponding Indian border land customs station under acknowledgement within fifteen days of the date on which transit was allowed at the Indian port of importation or such extended time as the concerned Assistant Commissioner of Indian Customs may 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 Rupee 1/- for every Rupees 1000/- of the Indian market price of the goods to the Assistant Commissioner of Customs of the concerned Indian border land customs station.

(iii) send the triplicate copy of the Customs Transit Declaration duly endorsed directly to the corresponding Indian border land customs station.

(iv) endeavour to send a telex/fax communication/e-mail on a daily basis to the Commissioner of Customs, Kolkata, giving the number and date of the Customs Transit Declarations received by him on the day confirming that the goods covered by those Customs Transit Declaration have been received in Nepal. These particulars shall be sent by a post copy in confirmation within a week.

16. The Indian custom officer at the concerned border land customs station shall send fax/telex communication/e-mail on a daily basis to the Commissioner of Customs, Kolkata, giving details of the original copies of the Customs Transit Declaration received by him on a particular day from the importer duly endorsed by the Nepalese customs authorities that the goods have been received in Nepal. The fax/telex message/e-mail will be followed by a post copy in confirmation. The Indian border land customs

station will also forward the triplicate of the duly endorsed copy of the Customs Transit declaration on a daily basis to the Commissioner of Customs, Kolkata by Speed Post.

II. EXPORT PROCEDURE

When goods from Nepal are cleared for export to third countries, in transit through India, the following procedure shall be observed:

1. The designated officer in charge 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 under licence number ..... dated..... (wherever issued) and under letter of credit number ..... dated ..... issued by ..... (name and address of the issuing Bank)"

Signature and the Seal

Note: The requirement of giving particulars of letter of credit in the above certificate will not apply in the case of goods for the export of which from Nepal, no letter of credit is required under the laws of Nepal.

2. The exporter or his agent (hereinafter referred to as the exporter) shall present to the Indian customs officer at the border land customs station through which the goods are to enter India, a Customs Transit Declaration containing the following particulars:

(a) Name and address of the exporter

(b) Number, description, marks and serial number of the packages;

(c) Country to which consigned;

(d) Description of goods;

(e) Quantity of goods;

(f) Value of goods;

(g) Export licence number and date;

(h) Country of origin of the goods;

(i) Letter of credit number, date and name and address of issuing bank;

(j) Route of transit (one of the mutually agreed routes);

(k) Indian customs office of entry from Nepal; and

(l) A declaration at the end in the following words: –

"I/We declare that the goods entered herein are for export/re-export from Nepal to countries other than India and shall not be diverted en-route to India or retained in India"

"I/We declare that all the entries made herein 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 invoice, packing list and a copy of the letter of credit, authenticated by the concerned Nepalese Bank, shall be presented to the Indian customs officer at the entry point. No additional documents will be asked for by Indian customs, except when considered necessary for clearance of any specific goods.

4. (a) For the containerized goods, the Indian customs authorities at the point of entry into India shall observe the following procedure:

(i) On arrival of the Nepalese containerized cargo, the Indian customs officer posted at the border land customs station shall merely check the 'one-time-lock' of the container put on by the shipping agent or the carrier authorized by the shipping company and if found intact, shall allow transportation of the containerized cargo, without examination, unless there are valid reasons to do otherwise.

(ii) In case where the 'one-time-lock' on the container arriving at border land customs station in India is found broken or defective, the Indian customs authorities shall make due verification of the goods to check whether the

goods are in accordance with the Customs Transit Declaration and shall put fresh 'one-time-lock' and allow the container to move to the destination. The serial number of the new 'one-time-lock' shall be endorsed in the Customs Transit Declaration.

(b) The Indian customs officer at the point of entry into India shall make such selective percentage examination of packages and 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 as sensitive by the Government of India from time to time with prior intimation to the Government of Nepal; and

(iii) they are of origin as declared in the Customs Transit Declaration;

NOTE : The selective percentage examination referred to in sub-paragraph 4(b) above shall mean that a percentage of the total packages in a consignment will be selected for examination and not that a percentage of the contents of each of the packages comprised in the consignment will be examined.

5. The goods, as specified as sensitive by the Government of India from time to time with prior intimation to the Government of Nepal, shall be transported from the Indian customs border post to Kolkata 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 goods cannot be transported in closed wagons, and have to be transported in open wagons or flats or open trucks, detailed identifying particulars shall be recorded in the Customs Transit Declaration.

7. After the Indian customs authorities at the border land customs station are satisfied as regards 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 exporter. The duplicate and triplicate will be sent by post to the Commissioner of Customs, Kolkata and the quadruplicate copy shall be retained. In order to avoid delay in postal transmission, duplicate and triplicate copies of the Customs Transit Declaration, along with copy of the original railway receipt, shall be handed over to the exporter or his authorized representative in a sealed cover, if he so desires. This facility shall, however, be denied to the exporter who defaults in the production of these documents within a reasonable time.

8. The sensitive goods for export, as specified by the Government of India from time to time with prior intimation to the Government of Nepal, shall be covered by an insurance policy or a bank guarantee and/or such legally binding undertaking to the satisfaction of the concerned Commissioner of Customs, in the manner indicated below:

   (a) Goods moving by rail up to the seaport shall be covered by an insurance policy or a bank guarantee, at the option of the exporter, for an amount equal to the Indian customs duties on such goods. This insurance policy or bank guarantee shall be assigned to the concerned Commissioner of Customs, and the amount shall become payable to the Commissioner in the event of the goods not reaching Kolkata customs.

   (b) Goods moving by road in trucks belonging to Nepal Transit and Warehousing Company Ltd. or Nepal Transport Corporation shall be covered by an insurance policy or a bank guarantee, at the option of the exporter, for an amount equal to the Indian Customs duties on such goods. This insurance policy or bank guarantee shall be assigned to the concerned Commissioner of Customs, and the amount shall become payable to the Commissioner in the event of the goods not reaching Kolkata Customs. In addition, Nepal Transit and Warehousing Company Ltd. or Nepal Transport Corporation, as the case may be, shall give an undertaking to the concerned Commissioner of Customs, to pay an amount equal to the difference between the market value of goods in

India and their c.i.f. value plus Indian Customs duties in the event of the goods not reaching Kolkata Customs.

(c) Goods moving by road in trucks other than those mentioned at sub-paragraph (b)above shall be covered by an insurance policy or a bank guarantee, at the option of the exporter, for an amount equal to the difference between the market value of the goods in India and their CIF value. This insurance policy or bank guarantee shall be assigned to the concerned Commissioner of Customs, and the amount shall become payable to the Commissioner in the event of the goods not reaching Kolkata Customs.

(d) The insurance policy shall be obtained by the exporter from an insurance company authorised to do business in India on such terms and conditions, to the satisfaction of the concerned Commissioner of Customs, which will guarantee that the insured amount shall become payable forthwith to the Commissioner on receipt of a notice to the insurance company from the concerned Commissioner of Customs, after satisfying himself that the goods have not reached Kolkata Customs.

NOTE:

1. In respect of goods belonging to and consigned by the Government of Nepal under sub-paragraph (a) and (b) above, no insurance or bank guarantee shall be required, provided an undertaking or a further undertaking, as the case may be, is given by Nepal Transit and Warehousing Company Ltd. or Nepal Transport Corporation in lieu thereof.

2. No such requirements will be necessary in respect of goods carried by air without transshipment en-route 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.

4. When the Customs Transit Declaration, duly endorsed and authenticated by the Kolkata customs, is received at the concerned border land customs station within the prescribed period, it will be accepted as an evidence that goods have reached Kolkata Customs.

8A. For goods other than those specified as sensitive by the Government of India in terms of paragraph 8 above, the exporter shall furnish, to the satisfaction of concerned Commissioner of Customs, a legally-binding undertaking that the amount equal to the difference between the market value of the goods in India and their CIF value shall be paid on demand to the concerned Commissioner of Customs, in the event of the goods not reaching Kolkata Customs.

8B. The concerned Commissioner of Customs shall provide to the concerned department of the Government of Nepal, from time to time, details of cases where the goods, including those goods which have not been insured, do not appear to have reached Kolkata Customs. The Government of Nepal shall thereupon carry out inquiries and make all possible efforts to ensure that the concerned persons pay the dues to the Government of India.

9. In case of any suspicion of pilferage, the goods as have been specified as sensitive by the Government of India from time to time with prior intimation to the Government of Nepal 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 meter -gauge to broad-gauge.

10. On arrival of goods at Kolkata Port, the exporter shall present the original copy of the Customs Transit Declaration duly endorsed by the Indian border land customs station to the Customs House. This copy shall be compared by the Customs House with the duplicate and triplicate received by it from the Indian border land customs station. 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 Custom House, it shall permit the export of the goods and will, in case of goods specified as sensitive by the Government of India, from time to time with prior intimation to the Government of Nepal, 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 border land customs station 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 Company Ltd., on filing of such removal instructions by the exporter or his authorized agent.

12. The Nepalese export cargo not shipped due to valid reasons will be permitted to be returned to Nepal according to the procedure applicable for the Nepalese import cargo.

NOTE(1): For traffic-in-transit via Vishakhapatnam port, "Commissioner of Customs, Kolkata", "Customs House, Kolkata", "Customs Officer, Kolkata" and "Kolkata Customs", wherever, it occurs above will be read as "Commissioner of Customs, Vishakhapatnam","Customs House, Vishakhapatnam", "Customs Officer, Vishakhapatnam" and "Vishakhapatnam Customs.

NOTE(2): For traffic-in-transit via Vishakhapatnam port, an additional one-time-lock will be affixed by Indian customs, besides the one-time-lock of the shipping agent or the carrier authorised by the shipping company. The serial number of the additional one-time-lock shall be endorsed in the Customs Transit Declaration which will be verified at the Land Customs Station of exit or at Vishakhapatnam Port, as the case may be.

C. Transit of Goods from one part of Nepal to another, through India

For the movement 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 except that there will be no cash deposit or bond system upon the necessary undertaking given by the Nepalese customs authorities.