

Memorandum of Understanding
between
Government of the Republic of India
and
Government of the People's Republic of Bangladesh
for
Construction of the India-Bangladesh Friendship Pipeline
between Siliguri (in India) and Parbatipur (in Bangladesh)

Government of the Republic of India (hereinafter referred to as GOI) and the Government of the People's Republic of Bangladesh (hereinafter referred to as GOB) and both jointly hereinafter referred to as "Parties";

Bearing in mind the close and friendly relations between the two countries and their people;

Seeking to collaborate in the development of the hydrocarbon sector in Bangladesh;

Recalling the commitment made by the Prime Ministers of India and Bangladesh during the visit of the Prime Minister of India to Bangladesh in June 2015 to deepen bilateral cooperation;

Desiring to cooperate in the establishment and expansion of the oil and gas pipeline infrastructure in Bangladesh;

Noting the mutual benefits for both sides that would accrue from the proposed construction of approximate 129.5 kms long oil pipeline from the Siliguri Marketing Terminal of the Numaligarh Refinery Ltd (NRL) in India to the Parbatipur depot of the Bangladesh Petroleum Corporation (BPC) in Bangladesh for transportation of High Speed Diesel;

Recalling the 'Sale Purchase Agreement (SPA)' initialed by Numaligarh Refineries Ltd (NRL) and Bangladesh Petroleum Corporation (BPC) on 8th April 2017 in New Delhi and signed on 22nd October, 2017 under which NRL has agreed to supply Gas Oil {High Speed Diesel (HSD)} to BPC as per SPA for a period of 15 years, that may be further extended through mutual consent;

Have reached the following understanding,

ARTICLE-I

The Parties shall cooperate with one another for the construction of the approximate 129.5 kms long oil pipeline from the Siliguri Marketing Terminal of the Numaligarh Refinery Ltd (NRL) in India to the Parbatipur depot of the Bangladesh Petroleum Corporation (BPC) at Dinajpur District in Bangladesh for transportation of High Speed Diesel (hereafter referred to as "Project").

ARTICLE – II

For the purpose of implementation of this MoU, the Nodal Agencies will be the Ministry of External Affairs of the Government of India working through NRL and the Energy and Mineral Resources Division, Ministry of Power, Energy and Mineral Resources of the Government of Bangladesh working through BPC.

The Project parameters, scale, time and scope have been incorporated in the Detailed Project Report prepared by Engineers India Limited (EIL), in close consultation with NRL and BPC.

Engineering, Procurement and Construction Management (EPCM) Consultant for the Project will be identified by the Indian Nodal Agency. The EPCM shall also arrange the Request for Proposal, selection of project contractors, procurement, supply and installation of all necessary equipment for the Project and supervise Project implementation.

ARTICLE – III

Of the 129.5 kms of the India-Bangladesh Friendship Pipeline, 5.16 kms that lie within the territory of India will be constructed by NRL through its own resources.

GOI will finance and implement the construction of the remaining 124.34 kms of the pipeline that lies within the territory of Bangladesh. GOI will also provide technical assistance for the Project based on the Engineering, Procurement and Construction Management (EPCM) model. NRL will assume responsibility for the construction of the pipeline on the Bangladesh territory on behalf of GOI.

The alignment of the pipeline, as approved by the Parties to the MoU is annexed hereto and form the part of this Memorandum of Understanding. The conditions for sale and purchase of HSD will be as per the 'Sale Purchase Agreement' initialed on 8th April 2017 and signed on 22nd October, 2017 by NRL and BPC.

ARTICLE-IV

GOB shall provide in its territory all infrastructures, needed for the Project on gratis basis. The land acquisition and requisition cost shall be borne by BPC. GOB shall make arrangements to provide land free from all encroachments and encumbrances and make necessary arrangement for the personnel of the implementing agency and its authorized representatives to enter Bangladesh and access the land and property, including private land and property for the purpose of implementation of the project. Rent for temporary use of land on the Bangladesh side shall also be borne by GOB.

GOB shall appoint a Project Director at the functional level from Bangladesh Petroleum Corporation (BPC). The Project Director shall coordinate with Ministry of Power, Energy and Mineral Resources (MPEMR) and other Ministries of GOB as required, and facilitate resolution of any possible hindrances to the Project through Government intervention at the appropriate level. GOB shall provide all necessary clearances for the project in an expeditious and time bound manner in accordance with the agreed project schedule.

GOB shall settle all disputes, compensation claims, administrative clearances etc., relating to land within Bangladesh territory for implementation of the Project.

ARTICLE – V

Only nationals of India and Bangladesh shall be recruited as labour, administrative, technical and other personnel for the Project. Bangladesh Petroleum Corporation (BPC) shall facilitate issuance of work permit for the Indian nationals as required under laws of Bangladesh.

ARTICLE – VI

National Board of Revenue (NBR), GOB shall exempt the products, payments and services for all supplies made by the Government of India agencies and authorities under this Project from all applicable duties (i.e. Customs, taxes, levies, royalties, demurrages, VAT, all types of cess and other fiscal levies etc.) which may be imposed in Bangladesh. If not exempted then the Bangladesh Petroleum Corporation shall bear the cost.

Temporary import of material, machinery, plant or any equipment required for the project shall be exempted from all applicable duties, taxes, levies and royalties etc. during its import, use on the project and re-export. However, if such material, machinery, plant or equipment is not re-exported and is sold by the implementing firm in Bangladesh, all taxes or duties as applicable shall be recovered in accordance with the

prevailing laws, rules and procedure.

Personnel including technicians brought in from India for the execution of the Project shall not be subject to local income tax of Bangladesh. They will also be exempt from other taxes and duties as mutually agreed upon, during their entire stay in Bangladesh.

Project vehicles, plant, equipment and machinery pertaining to the Project shall be allowed to move freely without payment of duties/levies/taxes of the Local Government. Should these not be so exempted, the Bangladesh Petroleum Corporation shall bear the cost. Project vehicles, plant, equipment and machinery pertaining to the project that require licenses for operation or movement including driving license, shall be issued temporary licenses by GOB in accordance with the prevailing laws of Bangladesh. Bangladesh Petroleum Corporation (BPC) shall facilitate expeditious issuance of such licenses/permits by the competent authorities of Bangladesh.

ARTICLE – VII

GOB shall assist to arrange office premises / residential accommodation at or near the site(s) of Project execution. Rent of the said offices or residential accommodation including furnishing and telecommunications shall be borne by the project contractor(s).

Security required for ensuring an environment conducive for execution of the Project by the implementing firms and their teams at the Project related sites shall be provided by GOB at no additional cost.

The cost of electricity, power, water, etc for the Project, shall be borne by the project contractor(s). BPC shall assist in arranging such supply of electricity / power and water for implementation of the Project, if needed.

GOB shall make available necessary topographical, geological and geotechnical data for the last 20 years of the Project site available with GOB free of cost. BPC shall make available free of cost, all reference documents including maps etc. for the execution of the Project, through the Project Director. BPC shall also expeditiously arrange all administrative, environmental, legal, technical and other clearances before commencement of construction. All Statutory clearances, including Environmental Impact Assessment (EIA) will be obtained by GOB.

ARTICLE-VIII

The Indian personnel of GOI or the implementing firms and their teams working on the Project in Bangladesh, shall at all times, abide by applicable laws and regulations of Bangladesh.

ARTICLE-IX

The Parties shall facilitate expeditious entry into or exit from Bangladesh of Project related personnel, including appointed firms and their teams, as and when required, in the course of the implementation of the Project. Such persons shall be issued multiple entry visas and work permits, as required, by the Bangladesh Missions and Posts in India, provided the application is submitted by the Ministry of External Affairs, Government of India.

ARTICLE – X

A Project Review and Monitoring Committee (hereinafter referred to as "PRMC") shall be constituted to monitor, supervise and give policy directions towards implementing the Project. The composition of the PRMC will be as follows:

Representatives from GOB

Representatives of BM Division, DPA-III Division and Finance Division of Ministry of External Affairs, GOI.

One representative of International Cooperation Division of Ministry of Petroleum and Natural Gas, GOI.

One Representative of High Commission of India, Dhaka

One representative of Numaligarh Refinery Ltd (NRL) and

One representative of EPMC

The PRMC may co-opt additional members with the approval of the respective Governments.

The PRMC shall review the timely progress of works, utilization of funds, technical aspects, etc. Quarterly Progress Reports will be prepared and submitted to PRMC by the EPCM Consultant for close monitoring of the works and expenditures. PRMC will also conduct periodic visits to the site to review the progress and quality of work. PRMC shall meet at least twice a year to address bottlenecks affecting the pace of the implementation of the Project. The timing of the meetings shall be decided through mutual consent.

After completion and commissioning of the project and with PRMC's approval, contractors/consultants shall hand over the project and all other asset created under the project to BPC and NRL. The PRMC shall cease to exist after handing over the project to BPC and NRL.

ARTICLE-XI

BPC and NRL will be owner of the pipeline in their respective country. Both NRL and BPC shall bear all costs with regards to Maintenance/Insurance/Security, etc., for respective sections of the IBFPL in India and Bangladesh. Operation of the pipeline shall be done through a Standard Operating Procedure to be finalized between NRL and BPC. Assets created by the Project in the territory of Bangladesh shall be vested in Bangladesh Petroleum Corporation (BPC) after the completion of the Project. The running and maintenance of the pipeline will be done in collaboration between NRL and BPC.

ARTICLE- XII

Any differences regarding the interpretation or application of any provision of this MOU shall be resolved amicably through consultations and negotiations between the Parties.

ARTICLE- XIII

This MOU may be amended or modified by mutual written consent of the Parties.

ARTICLE-XIV

MEA, GOI will release the funds to NRL as per an agreed payment schedule. NRL will release the payments to the concern Engineering, Procurement and Construction Management (EPCM) Consultant.

ARTICLE-XV

Laws of Bangladesh shall apply to that part of the Project which is executed within the territory of Bangladesh.

ARTICLE- XVI

The MOU shall come into force from the date of its signature and shall remain in force till the completion and commissioning of the Project.

IN WITNESS WHEREOF, the undersigned duly authorized thereto by their respective Governments have signed this MOU.

Signed on this 9th day of April, 2018 at Dhaka in two originals in English language.

**On behalf of the Government
of the Republic of India**

**On behalf of the Government
of the People's Republic of
Bangladesh**



(Vijay Keshav Gokhale)
Foreign Secretary



(Nazimuddin Chowdhury)
Secretary
Energy & Mineral Resources
Division