

**TRADE AGREEMENT¹ BETWEEN THE
GOVERNMENT OF INDIA AND THE
GOVERNMENT OF THE PEOPLE'S
REPUBLIC OF BANGLADESH**
New Delhi, 28 March 1972

The Government of INDIA

AND

The Government of BANGLADESH

CONSCIOUS of the urge of their two peoples to enlarge areas of mutual cooperation;

DESIROUS of strengthening economic relations between the two countries on the basis of equality and mutual benefit;

RECOGNISING that the common people of both countries should be the beneficiaries of close cooperation between the two Governments in the fields of trade and development;

AWARE that this objective can best be secured by organising trade between the two countries on a State-to-State basis as far as possible;

HAVE agreed as follows :

Article I

The two Government recognising the need and requirements of each other in the context of their developing economies undertake to explore all possibilities for expansion and promotion of trade between the two countries on the basis of mutual advantage.

Article II

The two Governments agree to an interim trade arrangement as set out in Schedule 'A' attached to this Agreement.

1. Came into force on 28 March 1972.

Article III

Imports and exports of commodities and goods produced or manufactured in India or Bangladesh as the case may be which are not included in Schedule 'A' and, in the case of commodities and goods included in that schedule, imports and exports in excess of the values specified therein shall be permitted in accordance with the import, export and foreign exchange laws, regulations and procedures in force in either country from time to time.

Article IV

In order to meet the day to day requirements of the people living within a sixteen kilometre belt of border between West Bengal, Assam, Meghalaya, Tripura and Mizoram on the one hand and Bangladesh on the other, and with a view to providing facilities to these people to dispose of their goods, border trade shall be allowed in specified commodities in accordance with Schedule 'B' attached to this Agreement.

Article V

The two Governments agree to make mutually beneficial arrangements for the use of their waterways, railways and road-ways for commerce between the two countries and for passage of goods between two places in one country through the territory of the other.

Article VI

Each Government shall accord to the commerce of the country of the other Government treatment no less favourable than that accorded to the commerce of any third country.

Article VII

The provisions of Article VI shall not prevent the grant or continuance of

- (a) privileges which are or may be granted by either of the two Governments in order to facilitate frontier trade.
- (b) advantages and privileges which are, or may be, granted by either of the two Governments to any of their respective neighbouring countries.
- (c) advantages resulting from a customs union, a free-trade area or similar arrangements which either of the two Governments has concluded or may conclude in the future.

- (d) advantages or preferences accorded under any scheme for expansion of trade and economic cooperation among developing countries, which is open for participation by all developing countries and to which either of the two Governments is or may become a party.

Article VIII

The two Governments agree to cooperate effectively 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 and foreign trade.

Article IX

The two Governments agree to accord, subject to their respective laws and regulations, reasonable facilities for the holding of trade fairs and exhibitions and visits of business and trade delegations sponsored by the Government concerned.

Article X

In order to facilitate the implementation of this Agreement, the two Governments shall consult each other as and when necessary and shall review the working of the Agreement, at the end of six months from the date of signature.

Article XI

This Agreement shall come into force from 28th March 1972 and shall remain in force, in the first instance, for a period of one year.

Sd/-

L.N. MISHRA
Minister of Foreign Trade
Government of India
28.3.1972.

Sd/-

M.R. SIDDIQUI
Minister of Trade & Commerce
Government of Bangladesh

SCHEDULE 'A'

1. The two Governments agree that licences shall, where necessary, be granted in accordance with the laws, regulations and procedures in force in either country from time to time to permit the import or export of the commodities and goods in Lists I and

II, below, upto the value mentioned against each with a view to balanced trade in commodities of special interest.

LIST I—EXPORTS TO BANGLADESH

		(Rs. lakhs)
Commodities/Goods	Value	
1. Cement	450	
2. Asphalt	100	
3. Coal	400	
4. Cotton textiles	25	
5. Cotton yarn	150	
6. Tobacco unmanufactured	1000	
7. Stone Boulders	100	
Hard wood (including sal and Teak)		
Soft wood		
Barytes (white)		
Lime and Limestone		
Dolomite, Gypsum, Unslaked Lime		
8. Books and Periodicals Gramophone records	20	
9. Movies	15	
10. Ayurvedic and unani medicines (medicinal herbs and crude drugs)	25	
11. Chemicals & Pharmaceuticals	25	
12. Spices	15	
13. Infant milk food	25	
14. Machinery and spare parts	50	
15. Miscellaneous (items to be mutually agreed upon)	100	
	2500	

LIST II—EXPORTS TO INDIA

		(Rs. lakhs)
Commodities/Goods	Value	
1. Fresh fish	900	
2. Semi-tanned cow hides including wet and blue	100	
3. Furnace oil, jute batching oil and naptha	150	
4. Newsprint and low grammage writing paper	300	
5. Raw jute	750	
6. Molasses	25	
7. Ayurvedic and unani medicines	25	
8. Books Periodicals and Gramophone records	20	
9. Movies	15	
10. Pharmaceuticals	10	
11. Spices	5	

12.	Simul Cotton (Kapok) Hard Board Handloom products	100
13.	Miscellaneous (items to be mutually agreed upon)	100
		<u>2500</u>

2. For the purpose of giving effect to the provisions of paragraph I, the Local Head Office of the State Bank of India at Calcutta and the bank designated by the Bank of Bangladesh, Dacca, shall open special accounts with each other, to be utilised solely for the purpose of making payments to exporters in either country by the bank incorporated and resident in that country on behalf of its correspondent in the other country. Subject to the laws and regulations as in force in the two countries from time to time, overdraft facilities shall be given by either bank to its correspondent in the other country. In the event of the overdraft in either account being in excess of the limit stipulated by the relevant law or regulation as applicable to or in relation to that account, the Government of the country in which the account is maintained will grant special loan to the bank concerned provided that the total amount of such loan or loans together shall not be in excess of five crores of Indian rupees or five crores of Bangladesh Takas. The said loan shall be granted free of interest by the two Governments. In exceptional circumstances the two Governments will agree to increase the limit of the loan in order to facilitate the continuance of trade. Such excess over rupees five crores will carry a rate of interest of six percent. The amount outstanding on the expiry of the agreement shall be settled in Pounds Sterling or in any other manner mutually agreed upon. The Local Head Office of the State Bank of India at Calcutta will, in consultation with the bank designated by the Bank of Bangladesh, Dacca, finalise the details of the banking arrangements in pursuance of the provisions of this article which would inter alia provide for adjustments of overdrafts periodically.
3. In the event of change in the parity rate of either the Indian rupee or the Bangladesh Taka, while these arrangements are in force, the two Governments will consult each other with a view to reaching an agreed solution to the problem of adjustments.
4. Imports and exports of the commodities and goods in lists I and II above which are in excess of the value shown against them and of commodities and goods which are not included in those lists shall, subject to import, export and foreign exchange laws, regulations and procedures in force in either country from time to time, be financed through authorised dealers in foreign exchange in either country acting through their correspondents

in the other country. Subject to the provisions of the exchange regulations in force in the two countries, an authorised dealer may grant to the correspondent in the other country an overdraft to such extent and on such terms and conditions as may be permitted by the Reserve Bank of India or the Bangladesh Bank as the case may be. The settlement of amounts due to or from an authorised dealer from or to the correspondent in accordance with these arrangements will be in Pounds Sterling. The Reserve Bank of India and the Bangladesh Bank will in consultation with each other endeavour to provide the maximum facilities possible for facilitating the flow of trade in accordance with the provisions of Article III.

5. Subject to such exceptions as may be made by mutual agreement between the two Governments, commodities and goods imported into one country from the other shall not be re-exported to a third country.
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SCHEDULE 'B'

Provisions relating to Border Trade referred to in
Article IV of the Agreement

1. These facilities shall apply to the trade across the land customs frontiers between West Bengal, Assam, Meghalaya, Tripura and Mizoram on the one hand and Bangladesh on the other.
2. These facilities shall be available only to persons living in areas, other than municipal areas, within sixteen kilometres of the land customs frontiers and holding special permits issued by their respective competent authority.
3. Every person holding such a special permit may carry across the border in each sector only such goods and commodities and in such quantities as are specified, in the annexure to this schedule and for this purpose may cross the border only once a day in each direction on any two specified days of a week and only through such routes as may be authorised in this behalf. If market conditions in a locality justify relaxation of the number of days in a week on which persons holding special permits may cross the border in that locality, the additional days shall be mutually agreed between the concerned competent authorities in the two countries.
4. The carriage of such goods shall be free from import, export and

exchange control restrictions as well as customs duty and customs formalities.

5. Each person may carry in cash a sum not exceeding rupees one hundred in Bangladesh or Indian currency when crossing the border from either country into the other.
6. Either Government may maintain such checks and take such preventive measures including the right to search as are considered necessary to ensure that these concessions are not exceeded or abused.
7. These arrangements shall be subject to review after a period of six months to consider whether they should be extended or amended in any way. If even before the expiry of this period of six months either country feels the need to withdraw or modify the facilities under this Agreement, it would enter into immediate consultations with the other country taking such measures as it may consider necessary.

ANNEXURE TO SCHEDULE 'B'
I—Mizoram-Chittagong Hill Tracts Sector

Mizoram to Chittagong		Chittagong—Mizoram	
Name of Commodities	Quantities allowed to be carried	Name of Commodities	Quantities allowed to be carried
1. Til seeds	Head load	1. Gur	Head load
2. Raw Cotton	Do.	2. Onion and Garlic	Do.
3. Chillies	Do.	3. Fish, fresh and dried	Do
4. Forest produce (including timber unclassed agarwood, cane thatching grass, firewood and bamboos).	Boat load raft or cart load Head load	4. Poultry and eggs	Do.
		5. Vegetables including potatoes.	Do.
		6. Fresh fruits	Do.
5. Fresh fruits	Head load	7. Chhana and Sweetmeats.	1 Kilogram
6. Milk and Milk Products.	Do.	8. Betel nuts	$\frac{1}{4}$ Kilogram
		9. Betelleaves	Head load
		10. Spices	2 Kilograms
		11. Earthen-ware	Head load
		12. Tea	$\frac{1}{2}$ Kilogram

II—Khasi Jaintia and Garo Hills-Sylhet Mymensingh Sector

For export from Khasi, Jaintia and Garo hills to Sylhet and Mymensingh		For export from Sylhet and Mymensingh to Khasi Jaintia Hills and Garo Hills	
Name of Commodities	Quantities allowed to be carried	Name of Commodities	Quantities allowed to be carried
1. Fresh fruits	Head load	1. Fish, fresh and dried	Head load
2. Vegetables including potatoes.	Do.	2. Poultry and eggs	Do.
3. Forest Produce (including timber unclassified agarwood, cane thatching grass, firewood, and bamboos).	Boat load raft or cart load	3. Vegetables	Do.
		4. Betelnuts	1 Kilogram
		5. Betel leaves	Head load
		6. Spices	2 Kilograms
4. Ginger, Turmeric, Chillies & Tejpatta.	Head Load	7. Chhana and Sweetmeats	1 Kilogram
5. Onions	Do.	8. Fresh fruits	Head load
6. Tapioca	Do.		
7. Milk and Milk products.	Do.		
8. Lime and lime stone.	Do.		
9. Shingles and Boulders.	Boat, raft or cart load.		
10. Sand	Do.		
11. Betel leaves	Head load		
12. Mustard oil	1 Kilogram		
13. Mustard seed	Head load		

III—Cachar-Sylhet Sector

For export from Cachar to Sylhet		For export from Sylhet to Cachar	
Name of Commodities	Quantities allowed to be carried	Name of Commodities	Quantities allowed to be carried
1. Forest produce (including timber unclassified agarwood, cane, thatching grass, firewood and bamboos)	Boat load raft or cart load	1. Fish, Fresh and dried.	Head load
		2. Poultry and eggs	Do.
		3. Soap (washing)	$\frac{1}{2}$ Kilogram
2. Kerosene oil	1 bottle	4. Spices including ginger.	2 Kilograms
3. Vegetables (including potatoes).	Head load	5. Onion and Garlic	Headload

4. Milk and Milk products.	Do.	6. Fresh fruits	Do.
		7. Vegetables	Do.
5. Soap (washing)	$\frac{1}{2}$ Kilogram	8. Chhana and Sweetmeats	1 Kilogram

IV—Tripura-Bangladesh Sector

For export from Tripura to Bangladesh		For export from Bangladesh to Tripura	
Name of Commodities	Quantities allowed to be carried	Name of Commodities	Quantities allowed to be carried
1. Vegetables (including Potatoes).	Head load	1. Poultry and eggs	Head load
2. Milk and Milk products.	Do.	2. Chhana and Sweet meats.	1 Kilogram
3. Forest produce (Including timber unclassified agarwood, cane, thatching grass, firewood and bamboos).	Boat load raft or cart load	3. Fish, fresh and dried.	Head load
		4. Vegetables	Do.
		5. Onion and Garlic	Do.
		6. Coconut (dry and green)	Do.
4. Til seeds	Head load	7. Fresh fruit	Do.
5. Fresh fruits	Do.	8. Gram and pulse	Do.
6. Gram and Pulses	Do.	9. Betel leaves	Do.
7. Kerosene	1 bottle	10. Spices	2 Kilograms

V—Rangpur (Bangladesh)-Assam (Bordering district) Cooch Behar/Jalpaiguri (West Bengal) Sector

Export from Assam bordering district to Rangpur), Cooch Behar Jalpaiguri (West Bengal) to Rangpur (Bangladesh)		Export from Rangpur (Bangladesh) to Assam (bordering district to Rangpur) Cooch Behar, Jalpaiguri (West Bengal)	
Name of Commodities	Quantities allowed to be carried	Name of Commodities	Quantities allowed to be carried
1. Fresh fruits	Head load	1. Fish	Head load
2. Vegetables (including potatoes)	do	2. Poultry and eggs	Do.
3. Spices	2 Kilograms	3. Tobacco	1 Kilogram
4. Firewood	Head load	4. Coconuts	Headload
5. Milk and Milk products	Do.	5. Betel leaves	Do.
6. Tobacco	1 Kilogram	6. Spices	2 Kilogram
7. Washing Soap	$\frac{1}{4}$ Kilogram	7. Salt	1 Kilogram
8. Bamboo	Boat load, raft or cart load.	8. Fodder or cattle	Head load

9. Mustard oil	1 Kilogram	9. Bamboo	Head load raft or cart load
10. Mustard seed/rape seed.	Head load	10. Thatching grass	Do.
11. Coconut oils.	1 Kilogram	11. Hogla leaves	Head load
		12. Firewood	Do.
		13. Gur	Do.
		14. Chhana and Sweetmeats.	Do.

VI—Rest of Bangladesh-Rest of West Bengal

Export from West Bengal to Bangladesh		Export from Bangladesh to West Bengal	
Name of commodities	Quantities allowed to be carried	Name of commodities	Quantities allowed to be carried
1. Fresh fruits	Head load	1. Fish	Head load
2. Vegetables	Do.	2. Poultry and eggs	Do.
3. Spices	2 Kilograms	3. Coconuts	Do.
4. Milk and Milk products	Head load	4. Spices	2 Kilograms
5. Gram and pulses	Do.	5. Betel leaves	Head load
6. Gur	Do.	6. Fodder/cattle	Do.
7. Firewood	Boat load raft or cart load	7. Golpatta	Do.
8. Bamboo	Do.	8. Chhana and Sweetmeats	Do.
9. Thatching grass	Do.	9. Fresh fruits	Do.
10. Simul cotton	Head load	10. Vegetables	Do.
11. Mustard oil	1 Kilogram	11. Hogla leaves	Do.
12. Mustard seed/ rape seed	Head load	12. Firewood	Do.
13. Coconut oil	1 Kilogram	13. Broomsticks	Do.
		14. Simul cotton	Do.
		15. Gur	Do.
		16. Bamboo	Boat, raft or cart load
		17. Thatching grass	Do.

PROTOCOL¹
Dacca, 1 November 1972

In pursuance of Article V of the Trade Agreement entered into between the Government of India and Government of Bangladesh on 28th March 1972, wherein the two Governments agreed to make mutually beneficial agreements for the use of their waterways for commerce between the two countries and for passage of goods between two places in one country through the territory of the other, it is further agreed as follows :

1. *Definition :*

For the purpose of this protocol unless the context otherwise requires :

(a) The terms "Competent Authorities" will mean the authorities authorised by the respective governments.

(b) The term "Route" will refer to the routes :

1. Calcutta-Raimangal-Khulna-Barisal-Chandpur-Goalundo-Serajganj- Bahadurabad-Chilmari-Dhubri.
2. Calcutta-Raimangal-Barisal-Chandpur-Narayanganj-Bhairab Bazar -Ajmirganj -Markulir -Sherpur-Fenchuganj-Zakiganj-Karimganj.
3. Dhubri/Chilmari-Bahadurabad-Serajganj-Goalundo-Chandpur-Barisal-Khulna-Raimangal-Calcutta.
4. Karimganj -Zakiganj-Fenchuganj -Sherpur -Markulir -Ajmirganj - Bhairab Bazar -Narayanganj -Chandpur -Barisal -Raimangal - Calcutta

Or such other routes as may be prescribed by the competent authorities from time to time.

(c) The term "Vessels" will mean the watercraft which are registered under I.M.P.V. Act, 1917 in case of Bangladesh vessels and I.S.V. Act, 1917 in case of Indian vessels.

2. *Conservancy and pilotage :*

Each country will maintain the river routes falling within its territory in a navigable condition and provide aids for running vessels at night and all the essential pilotage and conservancy services.

1. Came into force on 1 November 1972

3. *Hydrographic surveys :*

Hydrographic surveys will be undertaken on the different routes by the concerned Government, if so desired by the other. Survey maps relating to the routes traversed by inter-country or transit traffic will be made available to the operators actually engaged in the traffic.

4. *Port dues and other charges :*

Port dues may be levied by the competent authorities in either country on the vessels belonging to the other country and engaged in inter-country or transit transport at the same rates as applicable to local vessels.

The competent authorities in either country may also levy on the vessels of the other, charges for conservancy, pilotage and other specific services at par with those charged from the local vessels. For convenience of assessment the charges will normally be determined with reference to the tonnage of traffic carried by the vessels.

5. *Handling facilities :*

Each country will permit the vessels of the other country to utilise all available cranes and other handling facilities on the same terms and conditions as applicable to local vessels. Operators of one country may also take their own floating or shore-based crane to the other country for their own use where the host country is unable to provide such facilities.

6. *Supply of bunkers :*

The vessels of either country running between the two countries and also between places in the same country through the other country will be permitted to purchase the fuel required by them for the purpose for their operations. Inland vessels registered in India may be bunkered at Khulna, Barisal, Narayanganj, Dacca or Goalundo in Bangladesh. Like-wise, vessels registered in Bangladesh may be bunkered at Calcutta, Budgebudge, Haldia, Karimganj, Dhubri, Pandu or Neamati in India.

The Indian concerned vessels may maintain for their exclusive use their coal dumps on premises as may be leased out by the BIWTA and as may be mutually agreed upon.

7. *Purchase of essential stores :*

The vessels operating in either country will be allowed to purchase the stores they may require for their operation during any voyage in the other country.

8. *Purchase of rations/provisions by the fleet personnel during their voyage :*

Ration, fresh food and other provisions essential for fleet personnel will be allowed to be purchased in either country to meet the requirements of a voyage.

9. *Repair facilities :*

Vessels of either country calling for urgent repairs en-route will be allowed to have repairs done at the Government owned marine workshops in either country. The expenditure incurred on such repairs will be reported by the operators to the concerned foreign exchange authorities for their clearance in accordance with the provisions of Article 24.

10. *Assistance to be provided by either country to the Vessels of the other in distress :*

Each country will provide all the necessary facilities to the vessels of the other, which may be grounded or otherwise in distress during their voyage in its waterways. Expenditure incurred on salvage operations, if required on such occasions shall be cleared in accordance with the arrangements to be established under Article 24.

11. *Recognition of survey certificates and other documents :*

The survey certificates and other documents issued by the appropriate authorities in one country for the vessels registered in it and running to or through the other will be recognised and accepted as valid by the other. These certificates or documents shall be produced by the Master of the vessel concerned at the point of entry and at any other point, as may be required during the voyage.

12. *Flying of flags :*

The vessel of each country will carry its national flag and the national flag of the country which it is transiting, besides the flag.

13. *Use of radio-telephone by river craft :*

Inland vessels will be allowed to be equipped with radio- telephone for facilities of speedy communications, especially in emergencies, in conformity with the current regulations of either country.

14. *Registration and issue of identity cards :*

The personnel manning vessels plying through or between the two countries shall carry certificates of employment and permits, with

a photograph of the concerned individual duly authenticated by the authorities to be nominated by the respective countries in regard to their personnel. Officers supervising or controlling the fleet of the operators in either country shall carry passports endorsed with multi-journey visas.

15. *Permission to fleet personnel and travelling officers to go by rail, road or air in special circumstances :*

Fleet personnel and travelling officers posted to any of the vessels in transit in either country will be allowed to travel by rail, road or air, whenever they are required to join duty on the vessels or when they have to leave their duty on the vessels by reason of sickness or other emergency.

16. *Prohibition on vessels in transit :*

Vessels in transit through one country will not engage in inter-country trade and will not take or discharge cargo or passengers in the country through which they are passing.

17. *Sharing of inter-country trade :*

The two countries will endeavour to carry inter-country trade on equal tonnage basis. The competent authorities of the two countries may mutually consult with each other to implement this through appropriate measures.

18. *Common freight rates :*

The operators in both the countries will charge to the extent practicable uniform freight rates for inter-country traffic. Such rates will be fixed by the competent authorities by mutual consultations.

19. *Involving uniform documentation for vessels :*

The documents issued in accordance with the regulations in one country in respect of the cargoes carried by vessels going to, or through the other country will be accepted by the other. Efforts will be made to evolve uniform documentation in both the countries as early as possible. Manifest shall be submitted for in transit goods in duplicate in addition to Manifest Book to the Customs Officer at the point of entry, one of which will be retained by him and the other duly endorsed will be sent in sealed cover through the Master of the vessel to the Customs Officer at the exit point.

20. *Customs checks and documentation :*

Both the countries agree to reduce customs documentation and

other requirements to the essential minimum, and to have customs stations at or near the point of entry and exit in each country.

21. *Freight remittance facilities :*

The freight earned by the vessels of either country from traffic originating in the other and carried by them will be allowed to be remitted to the owners of the vessels in accordance with the arrangements for remittance of surplus collection between the two countries that may be in force from time to time in accordance with Article 24.

22. *Permission to operate trucks between places in India and river stations in Bangladesh :*

Bangladesh trucks and/or tractor-trailers may carry cargoes transhipped from river craft at Sherpur and Chatak to the Indian border.

Cargoes brought by deeper-draft vessels from India upto Sherpur or any other point on the waterways in Bangladesh may be transhipped into shallow-draft craft for destinations in India. Conversely, transshipment can also be made from shallow-draft vessels to deeper-draft vessels. Transshipment will be carried out under the supervision of IWTA, and customs authorities of Bangladesh.

23. *Opening of branch offices and appointment of agents :*

The operators of vessels in one country will be allowed to open their branch offices or appoint their agents only at major inland ports and secondary river ports in the other.

24. *Arrangements for settlement, clearance and remittance :*

Subject to their respective foreign exchange regulations the competent authorities of India and Bangladesh shall, through mutual consultations, establish a comprehensive system for the settlement, clearance and remittance of all sums, claims or dues on account of goods supplied, services rendered or facilities afforded to the vessels of one country in or by the other.

25. *Setting up a Standing Committee :*

For evaluating and reviewing the working of this Protocol and for the purpose of improvement of Inland water transportation between the two countries, there shall be a Standing Committee, including representatives of the Ministry of Shipping and Transport in India, and the Ministry of Shipping, Inland Water Transport and Aviation in Bangladesh, the representatives of the Ministries of Finance of India

& Bangladesh, the representatives of the CIWTC of India and the BIWTA of Bangladesh, the concerned Collectors of Land Customs and two representatives of the operators, one from each country. The Committee may co-opt any other members whose participation is considered necessary by it. The Standing Committee shall meet at least once in six months.

26. *Term of the Protocol :*

This agreement shall come into force from the date of signature and shall remain in force for an initial period of five years from that date.

DONE in Dacca on the first day of November, Nineteen hundred and seventy-two in two original copies, both in English.

On behalf of the Government
of India

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

Sd/-

M.G. PIMPUTKAR
Secretary, Ministry of
Transport and Shipping

Sd/-

S. Z. KHAN
Secretary, Ministry of
Shipping, Inland Water
Transport and Aviation
