

**TRADE AGREEMENT BETWEEN  
INDIA AND PAKISTAN  
Karachi, 26 February 1951**

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Being desirous of promoting trade between the two countries the Government of India and the Government of Pakistan have entered into the following agreement :

*Article I*

- (i) The period of this agreement shall be from the 26th February, 1951, to 30th June, 1952.
- (ii) The two Governments agree to permit the exportation to and the importation from the other country of the commodities and goods specified in Schedule I which is attached to this agreement, upto the quantity or value mentioned against each item, during the periods indicated in columns 2 and 3 of Schedule I.
- (iii) In respect of such commodities and goods as are, or may be, subject to export or import licence, the two Governments agree to grant upon application duly made, export or import licences upto the quantitative or monetary limits specified in Schedule I, in accordance with the laws and regulations and administrative practices of the Government granting the licence.
- (iv) In respect of those commodities in which the export trade is the monopoly of the Government in either country, the terms of the agreement will be deemed to have been fulfilled if the supplies have been made at agreed points within or without the country and such quantities of the commodities mentioned in column 2 of the Schedule I as cannot be supplied before the 30th June, 1951, shall be carried forward to the period 30th June, 1952.
- (v) In respect of foodgrains the quantities, period and terms of supply will be as in Schedule III of this agreement.
- (vi) In respect of raw cotton, the Government of Pakistan have at present no destinational quotas and India is, therefore, free to buy any quantity. If, however, destinational quotas are introduced

during the period of the agreement, the Government of Pakistan agree to give India a quota of 400,000 bales in the season 1951-52.

### *Article II*

The two Governments agree that there shall be no import and/or export trade control restrictions on the movement between the two countries in respect of the commodities mentioned in Schedule II to this agreement, and subject to the conditions specified therein.

### *Article III*

In respect of the commodities mentioned in Schedule I to this agreement the two Governments agree that except where prices are separately negotiated, neither Government will impose any discriminatory supplement or surcharge or any other addition to the export prices of those commodities.

### *Article IV*

The commodities and goods described in Schedules I and II refer only to those that are produced, processed or manufactured in India or Pakistan as the case may be.

### *Article V*

The Government of India and the Government of Pakistan agree not to permit the export of any of the commodities imported under Schedule I.

### *Article VI*

Notwithstanding anything contained in Articles I & II the two Governments agree that export and import facilities granted by each country to the other shall be no less favourable than those applied to any other country in sterling/soft currency area. Current and future import and export licences in respect of sterling and soft currency area countries shall be valid for India and Pakistan, as the case may be.

### *Article VII*

In order to facilitate the implementation of this agreement, the two Governments agree to hold periodical consultations with each other in respect of any matter arising from or in connection with the supply of commodities or goods between the two countries during the currency of and in accordance with this agreement, and, if necessary, by mutual agreement, alter, extend or supplement the Schedules to this agreement.

*Article VIII*

This agreement shall come into force on the 26th February, 1951.

Signed on behalf of the  
Government of India.

(Sd.) N.R. PILLAI,  
Leader of the  
Indian Trade Delegation.

Signed on behalf of the  
Government of Pakistan.

(Sd.) M. IKRAMULLAH  
Leader of the  
Pakistan Trade Delegation.

**SCHEDULE I****1. FROM INDIA TO PAKISTAN**

	Up to the end of June, 1951.	From 1 July 1951 to 30 June, 1952.
Coal	6,00,000 tons	1,500,000 tons
Hard Coke	10,000 tons	Up to December 1951 and nothing afterwards.
Soft Coke	5,000 tons	20,000 tons
Pig Iron	6,400 tons	20,000 tons
Ferro Silicon	Nil	100 tons
Ferro Manganese	Nil	100 tons
Galvanised Sheets	Nil	12,000 tons
Black Sheets	Nil	8,000 tons
Iron & Steel Products :		
Rail		5,000 tons
Wheels, tyres & axles	7,000 tons	5,000 tons
Structural steel		25,000 tons
Electrical steel sheets		1,000 tons
M.G. Crossings	120 tons	
Mills Loose Jaws for M.G. steel sleepers in silico manganese steel	200,000 numbers by October, 1951	Nil
Keys For M.G. steel sleepers	50,000 numbers by July, 1951	Nil
Aluminium Circles and sheets	Nil	100 tons
High alumina fire bricks.	150 tons	500 tons
Soft Wood (Jungle wood) from Malabar, Assam etc.	5,000 tons	20,000 tons. (including 5,000 tons Decdar sleepers)
Hard timber (other than teak)	2,500 tons	10,000 tons (including 5,000 Sal logs and sleepers)
Cement	25,000 tons	75,000 tons
Stone & Ballast.	As much as transport can stand	
Paper	1,000 tons	5,000 tons
Linseed oil	750 tons	2,500 tons

	Up to the end of June, 1951.	From 1 July 1951 to 30 June, 1952.
Mustard-oil	5,000 tons	15,000 tons
Chlorine	50 tons	Nil
Rubber tyres & Tubes (other than cycle tyres and tubes and giant and non-standard tyres and tubes)	Rs. 5,00,000	Rs. 20,00,000
Handloom Cotton Cloth (Loongis, towels and furnishing fabrics, etc.)		15,000 bales (including 10,000 bales of loongis)
Millmade Cotton cloth.		
Coarse	Nil	40,000 bales
Medium	Nil	20,000 bales
Fine	Nil	15,000 bales
Cotton yarn		
$1\frac{1}{2}$ to 9's	Nil	2,000 bales
10 to 14's	Nil	2,000 bales
16 to 20's	Nil	11,000 bales
Hard Cotton waste	200 tons	500 tons
Jute manufactures	12,500 tons	50,000 tons
Shellac	Quantity to be settled later.	

## 2. FROM PAKISTAN TO INDIA.

Raw Jute.	10 lakh bales.	25 lakh bales
Raw Cotton.	Any quantity.	Any quantity.
Hides and Skins :		
Cow Hides	250,000 pieces.	10,00,000 pieces.
Sheep skins	200,000 pieces.	6,00,000 pieces.
Rice		
Wheat		
Gram.	As in Schedule III.	
Gur	Such quantities as may be agreed upon from time to time.	
Mustard Oil cake.		

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**SCHEDULE II**

## (i) TO AND FROM INDIA AND PAKISTAN :

- Fish, Fresh and Dried.
- Vegetables including potatoes, potato seeds,  
onions, garlic and green and dry ginger.
- Fruits, Fresh and Dried.
- Eggs.
- Betel Leaf (Pan).
- Herbs - Crude drugs and medicines.

Indigenous drugs and medicines.  
 Printed books, journals, magazines and periodicals.  
 Spices including chillies.  
 Lime and Lime stone.  
 Poultry.  
 Milk and Milk Products (excluding butter, ghee and cream).  
 Vegetable and Flower seeds.  
 Bamboos and cane and manufactures thereof.  
 Tallow.  
 Castor oil, cake and seed.  
 Coir, coir yarn and manufactures.  
 Cigars, biris and biri leaves.  
 Pickles, Achars and Chatnies.  
 TO AND FROM INDIA AND EAST PAKISTAN ONLY.  
 Washing soaps.  
 Umbrellas, umbrella parts.  
 Exposed cinema films.  
 Paints and Varnishes.  
 Agricultural implements.

(ii) FROM PAKISTAN TO INDIA.

Cotton seed and cotton seed oilcakes.  
 Gowara.  
 Paper Khar and Sajji.  
 Kapok.  
 Betel Nuts.  
 Dhanicha seed.  
 Saltpetre.  
 Gypsum.  
 Asafoetida (Hing).  
 Soda ash.  
 Cigar wrapper leaf.

FROM EAST PAKISTAN ONLY.

Firewood 20,000 tons.  
 Handloom cloth.

(iii) FROM INDIA TO PAKISTAN.

Myrabolams.  
 Electric table fans.  
 Sewing Machines.  
 Matches.  
 Bauxite.  
 Silica sand.  
 Khari salt.  
 Readymade garments.  
 FROM INDIA TO EAST PAKISTAN ONLY.

Handloom cloth of the following varieties :

Sarongs, Kailies, Visakuthu, Burma Lungies, Kasturia, Kakaries, Pattanies, 3 x 1, Gingams, Ammavarikuppums, Bambans, Jublees, Saronges.  
 Charcoal.

## SCHEDULE III

1. The Government of Pakistan and the Government of India agree to the supply of the following quantities of foodgrains from Pakistan to India subject to 10% more or less at Government of Pakistan's option :

## (A) Foodgrains from East Pakistan.

	Crop.	Quantity (Tons)	Period of delivery
(i)	Rice	24,000	Upto 30-6-1951
(ii)	Wheat	<u>16,000</u>	do
	Total	<u>40,000</u>	

## (B) Rice from West Pakistan.

(i)	Baluchistan rice	1949-50	6,600	do
(ii)	Punjab rice	do	<u>600</u>	do
			<u>7,200</u>	

## (C) Rice from West Pakistan.

(i)	Kangni	1949-50	20,500	} Upto 30.6.1951.
(ii)	Joshi	do	35,000	
(iii)	Red polished	do	2,300	
(iv)	Red unpolished	do	5,000	
(v)	Nara	do	1,000	
(vi)	Kangni	(1950-51, 1951-52)	65,000	} 55,000 tons Upto 30.6.1951 and balance by 31.12.1951.
(vii)	Joshi	do	74,000	
(viii)	Red polished	do	10,000	
(ix)	Nara and red unpolished.	do	5,000	
	Total		<u>2,17,800</u>	

Note : Joshi and Kangni varieties are interchangeable.

## (D) Foodgrains from West Pakistan.

(i)	Rice sugdasi	1949-50	700	Upto 30.6.1951
		1950-51	21,300	Upto 31.12.1951
(ii)	Rice brokens	1949-50	7,700	Upto 30-6-1951
	(Kangni and Sugdasi)	1950-51	21,300	Upto 31-12-1951
(iii)	Wheat flour	1950-51	<u>9,000</u>	Immediately.
	Total		<u>60,000</u>	

## (E) Foodgrains from West Pakistan.

(i)	Rice	1951-52	1,50,000	Upto October
(ii)	Wheat	1951-52 } 1952-53 }	2,75,000	do
	Total		<u>4,25,000</u>	

## (F) Gram from West Pakistan.

		1951-52	<u>20,000</u>	Upto April, 1952
	Total		<u>20,000</u>	
	Grand Total		<u>7,70,000</u>	

2. Foodgrains shown in clause 1(A) and (B) will be supplied on "as is where is" ex-godown basis as regards quality and packing, but the Government of India will have the right to reject these quantities if they find the quality to be unacceptable to them and such rejection will be final and will discharge both Governments obligations to the extent of the rejected quantities.
3. Rice shown in clause 1(C) will be F.A.Q of the crop specified therein, clean, dry, in merchantable condition, free from bad odour, infection, infestation, damage and deleterious matter, and shall not be inferior to the specifications for each variety as given in the annexure to this Schedule. Any deviations from the specifications will be subject to the scale of allowances laid down in the said annexure.
4. Prices of foodgrains will be as has been separately agreed between the two Governments.
5. Foodgrains mentioned in clause 1(E) will be supplied, crop permitting.  
Prices and other conditions of supply of these foodgrains will be negotiated between the two Governments in due course.
6. As regards gram mentioned in clause 1(F) the Government of India will not purchase it on their account, or guarantee its off-take by the trade. Government of India will, however, permit the import of the agreed quantity through the traders. It will be for the Government of Pakistan to decide the manner of procurement and export and the traders will negotiate prices and other terms and conditions of the supply of gram directly with the Pakistan Government.
7. The prices of foodgrains mentioned in clause 1(D) are unacceptable to the Government of India, and will be negotiated separately as agreed upon.
8. Packing : Rice of 1950-51 crop in new single jute bags. (Bags which were new at the time when rice was originally packed in them, will be treated as new, provided they are not torn and have no patches). Wheat and rice of 1949-50 crop may be packed in second hand single jute bags, but these must be in sound and merchantable conditions free from previous mendings.  
Bags shall be carefully knotted and/or securely stitched with strong jute twice and will be of standard weight of 2 maunds 21 seers 2 chhatacks, gross, or 2 maunds 26 seers 2 chhatacks, gross, per bag.
9. (a) For quantities to be delivered F.O.B. Karachi, Government of India shall be responsible for arranging necessary tonnage. They will give at least ten days' notice to the Government of Pakistan of the date when shipping space will be available for loading at the port of Karachi and the quantity to be loaded. The Government of Pakistan shall be responsible for loading at an average rate of not less than 700 tons per weather working day, excluding Sundays and holidays commencing from the date of notice of readiness given by the ship which must be given in the forenoon at least 24 hours in advance. Any time lost at the Karachi port due to riots, strikes, sickness of labour connected with shipping of rice or any other cause beyond the control of the Government of Pakistan shall not be counted as lay days.  
(b) The Government of Pakistan will be responsible for any demurrage or dead freight actually incurred by the Government of India, should the former fail to load in accordance with sub-clause (a) above.  
(c) Should the vessel fail to be ready to load as intimated in clause (a), the Government of India will be responsible for paying the cost of storing the grain and any demurrage and other costs actually incurred by making the grain ready for placing on board, at a rate to be mutually agreed upon.  
(d) In case Government of India employ foreign shipping for carriage of these grains, they will give first preference to Pakistan ships and will make a request to Pakistan Government for such ships, provided the terms and conditions on which Pakistan ships are offered are not less favourable than those offered by other foreign ships. In this matter the decision of the Government of India will be final.
10. *Inspection and Sampling.*  
(a) Check weightment (normally 10%, but more in exceptional cases, at the discretion of the Government of India) and inspection of quality of grain and packing shall be carried out at the godowns where goods lying in Karachi by an agency acceptable to both Governments, to be appointed by the Government of India at their own expense. The Government of Pakistan agree to give adequate facilities for inspection by the inspection agency. The

certificate of quality and weight issued by the inspection agency shall constitute the final acceptance of quality and weight by both Governments.

For determining the net weight, the tare of bags shall be computed at 2.25 lbs. each.

- (b) Representative samples will be drawn by the inspecting agency daily before loading of the bags into wagons for being carried to the ship-side. All samples drawn on any one day will be mixed into one average sample, which will be utilised for the purpose of analysis for determination of quality. The average of all analysis results of rice loaded on one steamer will be taken together for the purpose of appraising the quality and for calculating deductions in price for variations from the agreed specification.
- (c) The Government of Pakistan will provide, on the request of the inspecting agency, facilities for supervision (including the sealing of the wagons) during the transport of the grain from the godown to the point of loading on the ship.

11. *Period of delivery.*

The periods of delivery shall be as indicated in Column 4 of Clause 1. In regard to rice, both Governments agree to endeavour their utmost to ship upto the end of June, 1951, at the rate of 50,000 tons per month.

12. *Payment.*

(a) For foodgrains to be supplied from West Pakistan, the Government of India will open an irrevocable revolving letter of credit sufficient to cover the cost of four cargo-loads of foodgrains in the Imperial Bank of India, Karachi, in favour of the Government of Pakistan, who will receive payment from the said Bank on presentation of :

- (i) Invoices showing the quantity placed F.O.B. and the total amount due in respect of the quantity after allowing rebate for allowances, if any;
- (ii) Certificates of quality and weight signed by the inspection agency referred to in clause 10; and
- (iii) Bill of Lading made out in favour of the Director General of Food, Government of India, New Delhi, or certificate from an Officer of the Government of India authorised in this behalf to the effect that the quantity billed has been placed on board.

(b) For foodgrains supplied from East Pakistan payment will be made by the agents of the Indian Government appointed to lift the stocks at the time of taking delivery.

13. *Disputes.*

In the event of a dispute in regard to the rights or obligations under this Schedule, such disputes shall be settled by reference to the arbitration of the Secretaries of the Food Ministries of the two Governments. The Arbitration Award shall be final and binding upon both the parties. The cost of arbitration shall be borne by the parties as indicated in the Arbitration Award.

## ANNEXURE

### STANDARD OF ANALYSIS FOR RED (UNPOLISHED) RICE.

ADMIXTURE : 1% free; over 1% to 2% full into dirt; over 2% reject.

PADDY : 2% free; over 2% upto 4%  $\frac{1}{2}$  into dirt; over 4% to 5% full into dirt; over 5% to be rejected.

DAMAGED : *Beginning of new crop to March.*

Over 1% free; over 1% upto 3%  $\frac{1}{2}$  into dirt; over 3% upto 5% full into dirt; over 5% to be rejected.

*April onwards.*

2% free; over 2% upto 5%  $\frac{1}{2}$  into dirt; over 5% upto 8% full into dirt; over 8% to be rejected.

DISCOLOURED : *Beginning of new crop to March.*

5% free over 5% upto 10%  $\frac{1}{2}$  into dirt; over 10%  $\frac{1}{4}$  into dirt subject to a maximum over-all allowance of 2 annas per maund or reject at the option of the buyer.

*April onwards.*

10% free; over 10% upto 15%  $\frac{1}{4}$  into dirt; over 15%  $\frac{1}{4}$  into dirt subject to a maximum over-all allowance of 2 annas per maund or reject at the option of the buyer.

BROKEN : *Beginning of the crop year to March.*

15% free; over 15% upto 20%  $\frac{1}{4}$  into dirt, over 20%  $\frac{1}{2}$  into dirt.



*April onwards.*

10% free; over 10% to 15%  $\frac{1}{4}$  into dirt; over 14%  $\frac{1}{2}$  into dirt.

NOTE :  $\frac{5}{8}$ th broken and above to be reckoned as whole grain. Any consignment containing less than 70% whole and wholesome grain can be rejected at the option of the buyer (discoloured grain will be considered as wholesome). Allowances will be calculated at Rs. 11 Pakistan currency per maund of 82  $\frac{2}{7}$  lbs.

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### ANNEXURE

#### SIND RICE SPECIFICATIONS

##### STANDARD OF ANALYSIS FOR KANGNI RICE, NARA RICE AND RED POLISHED RICE.

ADMIXTURE : 1% free; over 1% upto 2% full into dirt, over 2% reject.

PADDY : 2% free; over 2% upto 4%  $\frac{1}{2}$  into dirt; over 4% upto 5% full into dirt; over 5% reject.

DAMAGED : *Beginning of new crop upto March.* 1% free; over 1% upto 2%  $\frac{1}{2}$  into dirt; over 2% upto 3% full into dirt; over 3% to be rejected.

*April onwards :*

2% free; over 2% upto 3%  $\frac{1}{2}$  into dirt over 3% to 4% full into dirt over 4% reject.

RED : 3% free; over 3% upto 8%  $\frac{1}{2}$  into dirt; over 8%  $\frac{1}{4}$  into dirt; subject to a maximum over all allowance of 2 annas per maund or reject at the option of the buyer.

BROKEN : 45% free; over 45%  $\frac{1}{4}$  into dirt.

NOTE :  $\frac{5}{8}$  broken and above to be reckoned as whole rice. Any consignment containing less than 40% whole and wholesome grains can be rejected at the option of the buyer;

All grains having a red coating of less than 25% of the size of the grain shall be regarded as white rice.

Allowances will be calculated at Rs. 11 Pakistan currency per maund of 82  $\frac{2}{7}$  lbs.

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### ANNEXURE

#### STANDARD OF ANALYSIS FOR BOILED RICE JOSHI

ADMIXTURE : 1% free; over 1% upto 2% full into dirt; over 2% reject.

PADDY : 1% free; over 1% upto 2% into dirt; over 2% reject.

DAMAGED : *Beginning of new crop upto March.*

2% free; over 2% upto 3%  $\frac{1}{2}$  into dirt; over 3% upto 5% full into dirt; over 5% to be rejected.

*April onwards :*

3% free; over 3% to 5% full into dirt; over 5% reject.

RED : 5% free; over 5% upto 10%  $\frac{1}{4}$  into dirt; over 10%  $\frac{1}{4}$  into dirt subject to a maximum over-all allowance of 2 annas per maund or reject at the option of the buyer.

BROKEN : 30% free; over 30% upto 40%  $\frac{1}{4}$  into dirt; over 40%  $\frac{1}{4}$  into dirt.

NOTE :  $\frac{5}{8}$  broken and above to be reckoned as whole rice. Re: quality Joshi rice changes colour with lapse of time in which case it should not be rejected. No allowance can be fixed if the change in colour has come about in normal and ordinary course of storage over a long period. Goods may, however, be rejected if they smell.

Any consignment containing less than 60% of whole and wholesome grains can be rejected at the option of the buyer (mere change of colour does not make rice unwholesome).

All grains having a red coating of less than 25% of the size of the grain shall be regarded as white rice.

Allowances will be calculated at Rs. 11 Pakistan currency per maund of 82  $\frac{2}{7}$  lbs.

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