

**TRADE AGREEMENT¹ BETWEEN
INDIA AND PAKISTAN
New Delhi, 22 January 1957**

The Government of India and the Government of Pakistan being desirous of strengthening and developing commercial relations between their respective countries have agreed as follows :—

Article I

The two Governments recognising the needs and requirements of each other for foreign exchange in the context of their developing economies and having regard to the present disequilibrium in their trade and payments position undertake to explore all possibilities for expansion of trade between the two countries on the basis of mutual advantage.

Article II

With regard to the commodities/goods mentioned in Schedules 'A' and 'B' attached to this Agreement, the two Governments shall facilitate imports from and exports to each other's territories to the extent permitted by their respective laws, regulations and procedures.

Article III

Imports and exports of the commodities/goods mentioned in Schedules 'A' and 'B' shall normally take place through ordinary commercial channels, except where either Government finds it necessary to buy or sell part or whole of the quantity/value of any item on Government account.

Article IV

With respect to commodities/goods not included in Schedules 'A' and 'B' export or import shall also be permitted in accordance with the laws, regulations and procedures in force in either country from time to time.

1 Ratified and came into force 1 February 1957.

Article V

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 VI

The provisions of Article V shall not apply to :

- (a) any advantage which either country has accorded or may accord at any time during the period of validity of this Agreement to other bordering countries in order to facilitate frontier traffic,
- (b) any advantages accorded in connection with a customs union or free zone of which either country may become a member,
- (c) preferences or advantages accorded by either country to any third country prior to the 15th August 1947 or in replacement thereof.

Article VII

The two Governments recognising the need for entering into special arrangements as contemplated by Article XXIV (11) of the General Agreement on Tariffs and Trade agree to enter into such arrangements. The commodities covered by such special arrangements and the nature and scope thereof are set out in Schedule 'C'.

Article VIII

In order to meet the day-to-day requirements of the people living within a ten mile belt of the border between West Bengal, Assam and Tripura on the one hand and East Pakistan on the other and with a view to providing facilities to these people to dispose of their goods, border trade shall be allowed in the commodities specified in accordance with Schedule 'D' to this Agreement.

Article IX

In order to facilitate the implementation of this Agreement the two Governments shall consult with each other as and when necessary and in any case review the working of the Agreement every six months.

Article X

Subject to the approval of the Governments of India and Pakistan this Agreement shall come into force with effect from the 1st February 1957. It shall remain in force up to the 31st January 1960, provided that after the expiry of the first year it may be terminated by either

party giving six months notice in writing to the other. The schedules attached to the Agreement will be subject to revision by mutual consultation before the commencement of the years 1958 and 1959.

DONE at New Delhi this Twenty-second day of January, 1957.

S. RANGANATHAN

For the Government of India.

AZIZ AHMED.

For the Government of Pakistan.

SCHEDULE 'A'

EXPORTS FROM INDIA TO PAKISTAN

S.No. Commodities/goods

1. Coal.
2. Stone Boulders.
3. Stones (Pakur).
4. Silpatta.
5. Fire bricks.
6. Lime and lime stone.
7. Mica.
8. Bauxite.
9. Barytes (white).
10. Pigments and dry colours.
11. Dyeing and tanning substances.
12. Chemicals.
13. Drugs and medicines, including Ayurvedic and Unani Medicines.
14. Mill board and straw board.
15. Machinery and Mill work *e.g.* textile machinery, Agricultural machinery, Sugar cane crushing machinery. Rice flour and oil crushing machinery, Printing machinery, Centrifugal pumps.
16. Workshop equipment *including* hand tools and machine tools.
17. Electric instruments apparatus appliances.
18. Electric cables and wires.
19. Fluorescent electric tubes.
20. Electric insulation material.
21. Accumulators and batteries.
22. Bicycles and spare parts.
23. Scientific instruments, *including* laboratory glassware.
24. Glass bottles, jars and phials.
25. Iron steel bolts, nuts and screws.
26. Sanitary ware.
27. Agarwood.
28. Canes and rattans.
29. Cinema films.

30. Books, periodicals and newspapers.
31. Essential oils.
32. Sugar.
33. Tea for blending.
34. Coffee.
35. Betel leaves.
36. Biri and hukka tobacco.
37. Biri leaves.
38. Spices.
39. Fresh fruits.
40. Catechu.
41. Potatoes.
42. Buffalo horns.
43. Conch shells.
44. Gums and resins.
45. Synthetic stones.

SCHEDULE 'B'

EXPORTS FROM PAKISTAN TO INDIA

S.No.Commodities/goods

1. Raw jute.
 2. Hides and skins.
 3. Fish *including* dried fish, poultry and eggs.
 4. Betel leaves.
 5. Betel nuts.
 6. Fresh and dried fruits.
 7. Coriander and methi seeds.
 8. Spices.
 9. Honey.
 10. Books and periodicals, and newspapers.
 11. Cinema films.
 12. Cement.
 13. Salt petre.
 14. Machine tools.
 15. Bicycles and spare parts.
 16. Surgical instruments.
 17. Sports goods.
 18. Wood and timber all sorts, other than hard wood.
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SCHEDULE 'C'
SPECIAL ARRANGEMENTS

Sr. No.	Commodities/goods	Quantity/Value (per year except where otherwise specified)	Remarks
1	2	3	4
1.	Coal.	30,000 tons per month	For export from India to West Pakistan by rail only.
		55,000 tons per month	For export from India to East Pakistan by rail and river
		15,000 tons per month	For export from India to Pakistan by sea or river.
2.	Stone boulders	Approximately 1,000 tons per week from sources of supply on the Eastern Railway broad guage side and approximately 300 tons a day from sources of supply on North Eastern Railway meter gauge side in Assam.	For export from India to East Pakistan. The movement will be subject to agreement between the Railways concerned regarding details in respect of rate and mode of payment, supply of rolling stock, locomotives, railway staff and other contingencies.
3.	Hard wood	15,00 tons of sal and teak and 1,000 tons of gurjan wood (standard sizes)	For export from India to East Pakistan.
		500 tons of sal and teak (standard sizes).	For export from India to West Pakistan.
4.	Soft wood	2,000 tons of kail (standard sizes).	For export from India to West Pakistan by river Chenab only.
5.	Potato seeds	Rs. 5 lakhs	For export from India to Pakistan.
6.	Coal tar	P.M.	For export from India to Pakistan.
7.	Bell metal	P.M.	For export from India to East Pakistan.
8.	Antimony	P.M.	For export from India to Pakistan.
9.	Raw jute	Quantity to be indicated by the end of September each year.	
10.	Antimony ore	P.M.	For export from Pakistan to India.
11.	Sandal wood	P.M.	For export from East Pakistan to India.
12.	Chillies, garlic and ginger.	P.M.	For export from East Pakistan to India.

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1	2	3	4
13.	Cinema films	10 Bengali films, 7 Urdu/Hindi films.	For import into Pakistan from India on the basis of outright sale. Imports into India from Pakistan will be licensed freely on the basis of outright sale.
14.	Forest produce	P.M.	(i) For export to East Pakistan from India (excluding timber and bamboo). (ii) For export from East Pakistan to India, such items as timber, unspecified agar-wood, thatching grass, bamboo, hogla leaves and golepatta.
15.	Livestock	P.M.	For export from India to East Pakistan and for export from West Pakistan to India.
16.	Gram	P.M.	For Export from India to East Pakistan and for export from West Pakistan to India of equal quantity.
17.	Cement†	50,000 tons. 50,000 tons.	For export from India to East Pakistan For export from West Pakistan to India.
18.	Sulphuric acid	1,000 tons. 1,000 tons.	For export from India to East Pakistan. For export from West Pakistan to India.
19.	Salt (rock and sea)	P.M.	For export of rock salt from West Pakistan to India and export of sea salt from India to East Pakistan.

N.B.—The two Governments shall permit import/export up to at least the quantity/value specified above, actual imports and exports depending upon terms, delivery periods, specifications, etc. being mutually agreed upon between exporters and importers on either side.

SCHEDULE 'D'

PROVISIONS RELATING TO BORDER TRADE REFERRED TO IN ARTICLE VIII OF THE AGREEMENT

These facilities shall apply only to the trade across the Land Customs frontiers between West Bengal, Assam and Tripura on the one hand and East Pakistan on the other.

- Those facilities shall be available only to persons holding 'A' category visas.
- As from the expiry of a period of six months from the date of entry into force of this Agreement, however, all such persons may cross the border for this purpose only once a day in each direction and only through such routes as may be authorised in this behalf. Each Government will, after such consultation with the other as

may be necessary, be free to prescribe an adequate number of such routes having regard to the requirements of *bona fide* border trade.

4. The carriage of goods covered by the Schedule shall be free from import, export and exchange control restrictions as well as customs duties and customs formalities except those required for purposes of paragraph six below.
5. The persons engaged in border trade may carry in cash a sum not exceeding Rs. 5 in Indian currency when going from India to Pakistan and a similar amount in Pakistan currency when going from Pakistan to India.
6. Either Government may maintain such checks and such preventive measures, including the right to search, as are considered necessary to ensure that these concessions are not exceeded or abused.

ANNEXURE

I. LUSHAI HILLS CHITTAGONG HILL TRACTS SECTORS

For export from Lushai Hills to Chittagong Hill tracts			For export from Chittagong Hill tracts to Lushai Hills		
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.	Kerosene oil	One bottle
3.	Chillies	Do.	3.	Pulses	5 seers
4.	Forest produce (including timber, unclassified agarwood, cane thatching grass, Firewood and bamboos).	Do.	4.	Washing soap	1/2 seer
5.	Fresh fruits	Do.	5.	Onion	5 seers
6.	Bay leaves	Do.	6.	Garlic	5 seers
7.	Milk	5 seers	7.	Fish, fresh	10 seers
8.	Milk products (excluding ghee)	2 seers	8.	Fish, dried	5 seers
			9.	Poultry	Four
			10.	Eggs	One dozen
			11.	Vegetables	Head Load
			12.	Milk	5 seers
			13.	Milk products (excluding ghee)	2 seers
			14.	Betel nuts	1 seer
			15.	Betel leaves	5 seers
			16.	Earthenware	Head load
			17.	Tea	1 lb

II—KHASHI 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 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	10 seers
2. Vegetables (including potatoes)	Do.	2.	Fish, dried	5 seers
3. Betel leaves	5 seers	3.	Poultry	4 seers
4. Forest produce (including timber, unclassified agarwood, cane, thatching grass, firewood and bamboos.	Head Load	4.	Eggs	One dozen
		5.	Vegetables	Head load
		6.	Betel nuts	1 seer
		7.	Betel leaves	5 seers
		8.	Spices	2 seers
		9.	Milk	5 seers
5. Ginger, turmeric and tejpatta.	Do.	10.	Milk products (excluding ghee).	2 seers
6. Milk	5 seers	11.	Fresh fruits	Head load
7. Milk products (excluding ghee)	2 seers			
8. Lime and lime stone	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).	Head load	1.	Fish, fresh	10 seers
		2.	Fish, dried	5 seers
		3.	Poultry	Four
		4.	Eggs	1 dozen
		5.	Soap (Washing)	1/2 seer
		6.	Spices (including ginger)	2 seers
2. Kerosene oil	1 bottle	7.	Onion	5 seer
3. Vegetables (including potatoes)	Head load	8.	Garlic	5 seers
4. Fresh fruits	Head load	9.	Fresh fruits	Head load
5. Milk	5 seers	10.	Vegetables	Do.
6. Milk products (excluding ghee).	2 seers	11.	Milk	5 seers
7. Soap (washing)	1/2 seer	12.	Milk products (excluding ghee).	2 seers
		13.	Kerosene oil	1 bottle

IV—TRIPURA EAST BENGAL SECTOR

For export from Tripura to East Bengal			For export from East Bengal 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	Four
2. Milk	5 seers	2.	Eggs	1 dozen
3. Milk products (excluding ghee).	2 seers	3.	Milk	5 seers
4. Forest produce (including timber, unclassified agarwood, cane, thatching grass, firewood and bamboos).	Head load	4.	Milk products (excluding ghee).	2 seers
5. Til seeds	Do.	5.	Fish, fresh	10 seers
6. Fresh Fruits	Do.	6.	Fish, dried	5 seers
7. Gram	5 seers	7.	Vegetables	Head load
8. Pulses	5 seers	8.	Onion	5 seers
9. Kerosene oil	1 bottle	9.	Garlic	5 seers
		10.	Coconut (dry and green).	1 dozen
		11.	Betel nuts	1 seer
		12.	Betel leaves	5 seers
		13.	Spices (including chillies)	2 seers
		14.	Kerosene oil	1 bottle

V—RANGPUR (EAST PAKISTAN)—ASSAM (BORDERING DISTRICT OF RANGPUR/COOCH BEHAR/JALPAIGURI (WEST BENGAL) SECTOR

Export from Assam (Bordering District of Rangpur) Cooch Behar, Jalpaiguri (West Bengal) to Rangpur (East Pakistan)			Export from Rangpur (East Pakistan) to Assam (Bordering District of Rangpur) Cooch Behar, Jalpaiguri (West Bengal)	
Name of Commodities	Quantity allowed to be carried		Name of Commodities	Quantity allowed to be carried
1. Fresh fruits	Head load	1.	Fish, fresh	10 seers
2. Vegetables (including potatoes)	Do.	2.	Fish, dried	5 seers
3. Spices	2 seers	3.	Poultry	Four
4. Fire wood	Head load	4.	Eggs	One dozen
5. Milk	5 seers	5.	Milk	5 seers
6. Milk products (excluding ghee).	2 seers	6.	Milk products (excluding ghee)	2 seers
7. Tobacco	1 seer	7.	Gur	
8. Washing soap	1/2 seer	8.	Tobacco	Head load
9. Bamboo	Head load	9.		1 seer
10. Thatching grass	Head load	10.	Coconuts	1 dozen
		10.	Betel nuts	1 seer
		11.	Betel leaves	5 seers
		12.	Spices	2 seers
		13.	Salt	1 seer
		14.	Fodder for cattle	Head load
		15.	Bamboo	Do.
		16.	Thatching grass	Do.
		17.	Hogla leaves	Do.
		18.	Firewood	Do.

VI-REST OF EAST PAKISTAN-REST OF WEST BENGAL

Export from Rest of west Bengal to Rest of East Pakistan.		Export from Rest of East Pakistan to Rest of 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, fresh	10 seers
2. Vegetables (including potatoes)	Do.	2. Fish, dried	5 seers
3. Spices	2 seers	3. Poultry	Four
4. Milk	5 seers	4. Eggs	One dozen
5. Milk products (excluding ghee)	2 seers	5. Coconuts	One dozen
6. Gram	5 seers	6. Spices	2 seers
7. Pulses	5 seers	7. Betel leaves	5 seers
8. Firewood	Head load	8. Betel nuts	1 seer
9. Bamboos	Do.	9. Bamboo	Head load
10. Thatching grass	Do.	10. Thatching grass	Do.
11. Simul cotton	Do.	11. Fodder for cattle	Do.
12. Washing soap	1/2 seer	12. Golpatta	Do.
		13. Milk	5 seers
		14. Milk products (excluding ghee)	2 seers
		15. Fresh fruits	Head load
		16. Vegetables	Do.
		17. Hogla leaves	Do.
		18. Fire wood	Do.
		19. Gram	5 seers
		20. Pulses	5 seers
		21. Broomsticks	Head load
		22. Simul cotton	Do.

LETTERS

No. 1.

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND CONSUMER INDUSTRIES

New Delhi, the 22nd January, 1957

My Dear AZIZ AHMED,

During the course of discussions between our two Delegations which resulted in a fresh Trade Agreement between India and Pakistan which was signed today, matters relating to Ziratia tenants were also discussed. It was agreed that the question of facilities to Ziratia tenants was connected with the prevention of smuggling and improvement of

facilities for the transit of foodgrains through East Pakistan to Tripura. As a result of these discussions, the following understanding was reached :

- (1) The Ziratia tenants residing on either side of the Tripura East Pakistan border, who have land on either side of the border within a ten mile belt, shall continue to be allowed to take across the border within a reasonable period after the harvest 40 maunds of paddy per family or the total produce of such land cultivated by them, whichever is less.
 - (2) The representatives of the two Governments shall meet before the end of February 1957 with a view to devising as early as possible measures to improve the facilities for the movement of foodgrains through East Pakistan to Tripura. The steps set out in the attached enclosure, which have been suggested by the Indian Delegation will among others be considered in this behalf.
 - (3) As from the expiry of a period of six months after 31st January 1957, all Ziratia tenants may cross the border with paddy only through such routes as may be authorised in this behalf. Before the expiry of this period, the representatives of the two Governments will meet to consult with each other about the routes to be prescribed for the purpose and measures necessary for the implementation of the provisions in (1) above without the concessions envisaged therein being abused.
 - (4) The two Governments shall, before the end of November 1957, enter into consultation with each other for reviewing the implementation of the arrangements relating to Ziratia tenants and the improvements made in the transit facilities through East Pakistan into Tripura.
2. I shall be grateful if you will confirm that the above correctly sets out the understanding that was reached between us.

Yours sincerely,

(Sd.) S. RANGANATHAN.

AZIZ AHMED, *Esquire*,
Secretary,
Ministry of Commerce,
Government of Pakistan.

ENCLOSURE REFERRED TO IN SHRI RANGANATHAN'S LETTER TO
MR. AZIZ AHMED REGARDING ZIRATIA TENANTS

SUGGESTIONS FOR IMPROVEMENT OF MOVEMENT FACILITIES BETWEEN
EAST PAKISTAN AND TRIPURA

1. The Liaison Officer of the Indian Railway at Shantahar may be provided with the assistance of one more Inspector who may be posted at Akhaura. These two Officers should look after the timely transit of wagons for Tripura.
 2. Clearance facilities should be provided at Kasba Railway Station.
 3. A Siding from Kasba Railway Station inside Tripura territory should be provided.
 4. Sidings into Tripura territory should be provided by extension from Balla and Belonia Railway Stations.
 5. Demurrage for non-clearance of goods arriving by M.G. Wagons at Akhaura, Balla and Belonia should not be charged so long as the responsibility for delay does not lie on the consignee. Particularly no demurrage should be charged on M.G. Wagons which bring only part of goods transhipped from M.G. Wagons and not allowed to be cleared till the remaining component M.G. Wagons have arrived.
 6. Certificate of short delivery should be given at points of destination in East Bengal territory in respect of goods cleared for Tripura.
 7. Railway out Agency should be provided at Agartala.
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No. 2.

DELEGATION OF PAKISTAN

New Delhi, the 22nd January, 1957

My Dear RANGANATHAN,

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

(Not reproduced.)

I confirm that the above sets out the position correctly.

Yours sincerely,
(Sd.) AZIZ AHMED.

Shri S. RANGANATHAN, I.C.S.,
Secretary to the Government of India,
Ministry of Commerce and Consumer Industries,
New Delhi.

No. 3.

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND CONSUMER INDUSTRIES

New Delhi, the 22nd January, 1957

My Dear AZIZ AHMED,

We have exchanged letters today regarding the concessions to Ziratia tenants. I write this letter to seek confirmation of the following three points which arose during the discussions :

- (1) With reference to paragraph 1 (2) of that letter we agreed that the discussions between the representatives of the two Governments in regard to improvement of transit facilities to Tripura through East Pakistan need not necessarily be confined to improvement in transit facilities in relation to food-grains only.
- (2) With reference to paragraph 1(4) of that letter you maintained that the fact that the transit facilities through East Pakistan to Tripura, were in the judgment of the Government of India inadequate would not justify their withdrawing the facilities for the Ziratia tenants. I, however, made it clear to you that it was my understanding that in the event of the improvement in the transit facilities through East Pakistan to Tripura, not being adequate in the opinion of the Government of India, the Government of India will be free to reconsider the entire arrangements relating to the Ziratia tenants.

- (3) We also agreed that these arrangements regarding Ziratia tenants set out in the correspondence referred to above, will come into effect after ratification by our respective Governments.

Yours sincerely,
(Sd.) S. RANGANATHAN.

AZIZ AHMED, *Esqr.*,
Secretary,
Ministry of Commerce,
Government of Pakistan.

No. 4.

DELEGATION OF PAKISTAN

New Delhi, the 22nd January, 1957

My Dear RANGANATHAN,

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(Not reproduced)

I confirm that the above sets out the position correctly.

Yours sincerely,
(Sd.) AZIZ AHMED.

Shri S. RANGANATHAN, I.C.S.,
Secretary to the Government of India,
Ministry of Commerce and Consumer Industries,
New Delhi.

No. 5.

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND CONSUMER INDUSTRIES

New Delhi, the 22nd January, 1957

My Dear AZIZ AHMED,

During the course of the discussions between our two delegations which resulted in a fresh Trade Agreement between India and Pakistan, the difficulties being experienced by the persons residing in

the border areas between India and East Pakistan, resulting from the non-issue of 'A' category visas in sufficient numbers and the present complicated procedure followed in issuing them were discussed. It was agreed that these questions should be discussed at an early date between representatives of the two Governments, with a view to resolving these difficulties.

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

Yours sincerely,
(Sd.) S. RANGANATHAN.

AZIZ AHMED, *Esqr.*,
Secretary,
Ministry of Commerce,
Government of Pakistan,
Camp : New Delhi.

No. 6.

DELEGATION OF PAKISTAN

New Delhi, the 22nd January, 1957

My Dear RANGANATHAN,

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(Not reproduced)

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

Yours sincerely,
(Sd.) AZIZ AHMED.

Shri S. RANGANATHAN, I.C.S.,
Secretary to the Government of India,
Ministry of Commerce and Consumer Industries,
New Delhi.
