

**AGREEMENT¹ BETWEEN THE GOVERNMENT OF
INDIA AND HIS MAJESTY'S GOVERNMENT OF
NEPAL REGARDING CONSTRUCTION OF
BUTWAL - NEPALGANJ SECTOR
OF MAHENDRA RAJMARG
Kathmandu, 15 June 1972**

The Government of INDIA,
hereinafter called "the G.O.I."

AND

His Majesty's Government of NEPAL,
hereinafter called "H.M.G.",

BEING desirous of cooperating with each other in promoting the
development of communications in Nepal;

HAVE agreed as follows :

Article I

The G.O.I. agree to provide financial assistance to the extent of Rupees twenty five crores and eightytwo lakhs only in Indian currency, to be utilised before 31st March, 1976, for construction of the Butwal-Nepalganj sector of the Mahendra Rajmarg of Nepal, hereinafter called "the Project".

The Project shall also include the construction of the link roads as mentioned in the Annexure No. I.

The agency/agencies responsible for the construction of the Project will endeavour to complete the Project by 31st March, 1976.

Article II

The Project will be executed under the auspices of the Board set up by H.M.G. for the purpose of executing the Eastern Sector of the Mahendra Rajmarg. The Director and Member (Finance & Accounts)

1. Came into force on 15 June 1972.

of the Indian Cooperation Mission and the Chief Engineer of the Project will continue as Advisers to the Board and will be invited to attend all the meetings of the Board.

Article III

The G.O.I. will place at the disposal of the Board a suitable organization of the Central P.W.D. under a qualified Chief Engineer for the execution of the Project. Nepalese engineers and overseers will be afforded facilities for training on the Project and also employment facilities will be afforded to them on posts for which they are qualified by their training and experience.

Article IV

The General alignment of the Mahendra Rajmarg and general technical data(i.e.the frequency and magnitude of possible traffic, the design speed and the class of traffic for which the bridges have to be designed)will be as in Annexure No. II. The Board will approve the annual budget estimates for the Project and review the progress of work periodically. Budget estimates, as approved by the Board, will be duly reflected in H.M.G.'s budget.

Article V

The Chief Engineer will execute the Project and will submit quarterly expenditure statements to the Board. He will also render accounts to the Accountant General in India for the money spent from Indian aid funds.

Article VI

The requirements of funds for the project will be worked out and intimated to the Board as well as to the Indian Cooperation Mission by the Chief Engineer on an annual basis and the Indian Cooperation Mission will arrange for the release of the necessary amounts to the Chief Engineer accordingly under intimation to the Board.

Article VII

H.M.G. will provide necessary land for the Project free from all encumbrances. The payment of compensation, if any, and the settlement of claims from disputes arising there from will be responsibility of H.M.G. H.M.G. shall also arrange the supply of timber, (including ballies) sand, stone, limestone, soil for burning bricks and other raw materials required for the project, free of royalty, excise duty, licensing fee and other levies.

Article VIII

H.M.G. will ensure that the goods, materials, equipment, machinery and transport, etc., which are brought into Nepal or are moved from one place to another within Nepal for the execution of the Project either by the Project authorities or by the contractors employed on the Project, are afforded expeditious transit from India to Nepal or within the territory of Nepal, and are exempt from licensing requirements and from payment of all customs duties, taxes, cesses and levies of any kind. H.M.G. will also ensure that the goods, materials, equipment, machinery and transport, etc., brought into Nepal from India as above, will be allowed to be taken back to India when no longer required for the execution of the Project, subject to the provisions contained in Article XI hereunder. Exemptions from licensing requirements and from payment of all customs duties, taxes, cesses and levies of any kind shall also extend to the transport and goods for personal use of India-based personnel working for the Project. The principles and procedures regarding the facilities to be extended to the Indian contractors and exemption from import and export duties and other local levies, of all supplies, materials equipment and vehicles etc. imported for contract work, as worked out between the Director, Indian Cooperation Mission, and H.M.G. for the Trisuli Hydel Project will apply mutatis mutandis to the Project. This will include exemption from income tax and other taxes except contract tax.

The contract tax payable by Indian contractors will be collected by the Project authorities and then credited to Project funds under advice to H.M.G.

Article IX

Such of the road building equipment and machinery made available by the U.S. Government for use on the construction of the Eastern Sector of the Mahendra Rajmarg as remains serviceable may be utilised on the construction of the Project when no longer required for the Eastern Sector.

Article X

If any plant or machinery has to be imported for the execution of the Project, H.M.G. will provide necessary foreign exchange against rupee payment for the purpose.

Article XI

Of the construction equipment, machinery, vehicles, etc. purchased out of the Project funds, the Project will be debited only

with the depreciation in the value of these articles except those which may be required and retained for maintenance.

All residual construction equipment, machinery, vehicles etc. on the completion of the Project, will be disposed of as under:

- (a) Items of equipment, machinery, vehicles etc. required for other ICM Projects will be released on the authority of the Director ICM under intimation to H.M.G. The depreciated value of such items will be credited to the project and debited to Aid funds.
- (b) If HMG are in need of certain items of surplus equipment, machinery, vehicles, etc., such items may be released with the agreement and under the authority of the Director, ICM. Necessary credit of the depreciated value of such items will be afforded to the project by per contra debit to Aid funds.
- (c) Surplus items of equipment, machinery, vehicles, etc., required neither by HMG nor by other ICM projects may be considered for use in projects in India with the knowledge and approval of H.M.G. Credit for the depreciated value of such items will be afforded to the Project.

Article XII

For the purpose of speedy communications along the Project alignment, H.M.G. will grant permission for installations of necessary wireless links.

Article XIII

The Project authorities, or their contractors, shall be allowed to import from India skilled and semiskilled labour to the extent not available in Nepal. H.M.G. will make arrangements to ensure that the requirements of unskilled labour for the Project are fully met.

H.M.G. will extend all possible help and cooperation to the Project authorities in the maintenance of peaceful labour relations and the safeguarding of the personnel and property of the Project in the event of a strike.

Article XIV

Contractors of the Project from outside Nepal will be free to import any amount of currency that may be deemed necessary but will convert it into Nepalese currency at legally recognised exchange counters for transactions inside Nepal for the execution of their work. They will

be allowed to repatriate their currency holdings which will be converted into Indian currency by the Nepal Rastra Bank.

Article XV

H.M.G. will ensure expeditious grant of licences, permits and similar other authorisations necessary to enable the project authorities and their contractors to execute the work relating to the project.

Article XVI

H.M.G. will make necessary security arrangements for the protection of the personnel as well as the materials, equipment etc., at all the various sites of construction and operations, including in transit where necessary.

Article XVII

In the event of any legal action arising from activities undertaken in pursuance of this Project, H.M.G. will assume full responsibility for the defence of such actions in Nepal and will take responsibility for the continued execution of the Project and will assure immunity from garnishment or any other legal process of title to all contributions made for or property and benefits derived from the execution of the Project.

Article XVIII

H.M.G. will take over the responsibility for maintenance of sections of the project as and when they are certified as completed by the Chief Engineer, unless it is otherwise agreed between H.M.G. and G.O.I. for the maintenance of the Project to be carried out by the Chief Engineer for some specified period, after its completion.

Article XIX

Any expenditure incurred by the G.O.I. before the signing of this Agreement in pursuance of the implementation of the Project shall be debited to overall aid under this Agreement.

Article XX

This agreement shall come into force with effect from the date on which it is signed and will continue to remain in force until the 31st March, 1976, unless terminated earlier by either party by giving three months notice in writing to the other party or extended by mutual agreement as necessary.

IN WITNESS WHEREOF, the undersigned, being duly authorised by their respective Governments, have signed the Agreement.

DONE at Kathmandu in the English language in four copies on this Fifteenth day of June, One Thousand Nine Hundred and Seventy two.

For the Government of India

Sd/-

L. P. SINGH

Ambassador of India
in Nepal

For His Majesty's Government
of Nepal

Sd/-

B. B. PRADHAN

Secretary
Ministry of Finance

ANNEXURE I

LINK ROAD FOR MAHENDRA RAJMARG (CENTRAL SECTOR) FROM BUTWAL TO NEPALGANJ

S.No.	Description	Length
1.	Link road to Nepalganj....	21 kms
2.	Link road to Krishna Nagar....	19 kms

ANNEXURE II

SPECIFICATIONS FOR THE CONSTRUCTION OF MAHENDRA RAJMARG (CENTRAL SECTOR) FROM BUTWAL TO NEPALGANJ

S. No.	Item	Specifications
1.	Design Speed.	120 Km/hr in flat topography, suitably reduced upto 40 Km/hr in mountainous topography, approaches to bridges, populated areas and intersections etc.
2.	Formation width.	10.5 metres in flat topography and 7.3 metres, suitably widened on curves, in mountainous topography.
3.	Pavement width.	3.7 metres in flat topography and 6.1 metres, suitably widened on curves, in mountainous topography.
4.	Pavement Specifications.	20 cm stone/gravel base course for flat topography and 15 cm stone soling course for mountainous topography; stone ballast 12 cm (as laid) and consolidated, bitumenous carpet 2.5 cm.
5.	Right of Way.	45 metres in flat topography and as per actual requirements in mountainous topography.

6.	Minimum radius of horizontal curves.	500 metres in flat topography suitably reduced to 39 metres (exceptional 18 metres) in mountainous topography, approaches to bridges, populated areas and intersections etc.
7.	Ruling Gradient.	Ruling 1 in 20 Limiting 1 in 15 Exceptional 1 in 12
8.	Minimum radius of Vertical curves.	Convex: 2500 metres in flat topography suitably reduced in mountainous topography, approaches to bridges, populated areas and intersections etc. Concave : 1000 metres in flat topography suitably reduced in mountainous topography, approaches to bridges, populated areas and biter section etc.
9.	(a) Width of bridges between the kerbs	7 metres in flat topography and 6.7 metres in mountainous topography.
	(b) Width of culverts outside the parapets.	9.75 metres in flat topography and 6.7 metres, suitably increased on curves, in mountainous topography.
10.	Overhead clearance.	5.1 metres
11.	Design loading for bridges and culverts.	Single lane of I.R.C. Class 'AA' or double lane of I.R.C. Class 'A' whichever gives worse effects.
