

**TRADE AGREEMENT¹ BETWEEN THE
GOVERNMENT OF INDIA AND THE
GOVERNMENT OF PAKISTAN
Karachi, 1 September 1963**

The Government of India and the Government of Pakistan,

WITH a view to developing, extending and consolidating trade and economic relations between the two countries,

HAVE resolved to enter into the following Agreement :

Article I

The two Governments recognising the needs 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

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 III

The provisions of Article II shall not apply to the grant or continuance of any :

- (a) privileges which are or will be granted by either of the two Governments in order to facilitate frontier trade,
- (b) preferences, advantages, privileges or immunities accorded by either country to any third country prior to the 15th August, 1947, or in replacement thereof, and

1. Came into force on 1 September 1963.

- (c) any advantages accorded in connection with Customs Union, or Free Trade Zone of which either may become a member.

Article IV

With regard to commodities mentioned in Schedules 'A' and 'B' to this Agreement, the two Governments shall facilitate imports and exports to each other's territories in accordance with their respective laws, regulations and procedures.

Article V

The Export and/or Import of goods not included in Schedules 'A' and 'B' will also be permitted in accordance with the laws, regulations and procedures in force in either country from time to time.

Article VI

The two Governments further agree to enter into such Special Arrangements, including arrangements relating to Border Trade, as may be considered by them to be necessary from time to time, during the period of the validity of this Agreement to facilitate the movement of goods from one country to the other.

Article VII

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 businessmen and Trade Delegations sponsored by the Government concerned.

Article VIII

In order to facilitate the implementation of this Agreement, the two Governments shall consult each other as and when necessary and also review the working of the Agreement at least once a year.

Article IX

This Agreement shall come into force from the 1st of September 1963 and shall remain in force for a period of two years. The Agreement will be extended for a further period of one year unless either party gives to the other notice for its termination three months before the expiry of the said period of two years.

DONE at Karachi this first day of September, 1963 A.D. in two original copies in English language, both of which are equally authentic.

Sd/-

S. VOHRA

For the Government of India

Sd/-

E.A. NAIK

For the Government of Pakistan

SCHEDULE 'A'

LIST OF ITEMS EXPORTABLE FROM INDIA

I. Animal and Marine Products

1. Leather Manufactures excluding boots and shoes
2. Finished leather
3. Animal casings.

II Agricultural Products

1. Cigars and Cigarettes
2. Hemp other than manila, sisal and aloe
3. Palmyra fibre
4. Tapioca, Tapioca Flour (Manioc Meal) and products
5. Sago
6. Fresh fruits including bananas
7. Fruits products
8. Plywood (commercial and Tea-chests)
9. Cotton seed oil
10. Henna powder
11. Coir, Coir yarn and coir products
12. Tobaceo (raw and manufactured)
13. Tamarind
14. Turmeric
15. Castor oil
16. Groundnut oil
17. Linseed oil
18. Salad oil
19. Cotton seed cake
20. Deoiled cake (Rice bran)
21. Vegetable oil
22. Essential oils n.o.s.
23. Beedi leaves.

III Drugs, Pharmaceuticals, Chemicals and Allied Products

1. Calcined magnesite
2. Bichromates
3. Alumina ferric
4. Ferro manganese
5. Pigments, paints and varnishes
6. Printing inks other than black
7. Fountain pen ink

8. Myrobalan and extract
9. Nux vomica alkaloids and preparations
10. Soaps, toiletries, hair oil and perfumes
11. Glycerine
12. Hydraulic brake fluid
13. Pharmaceuticals, drugs, medicines, vaccine, serums, *etc.* wholly indigenous.
14. Safety matches and fireworks
15. Crockery
16. Magnesium chloride
17. Ethyl Alcohol and Industrial Alcohol
18. Rubber products including bicycles tyres and tubes other than those types of tyres and tubes export of which is banned.
19. Asbestos products
20. Liquid Glucose
21. Benzene
22. Surgical cotton
23. Strychnine
24. Morphine
25. Bromides (Sodium and Potassium and Calcium)
26. Liquid Bromide
27. All antibiotics
28. All alkaloids
29. Synthetic drugs
30. Tetracyclins
31. Hamycin
32. Anti-Tubercular drugs (P.A.S. and Salts)
33. Anti-Dysentery drugs (Iodo-chloro and di-iodo-quinoline)
34. Bleaching powder
35. Hydrochloric acid
36. Hydrogen peroxide
37. Sodium carbonate
38. Liquid chlorine
39. Anti-Leptotic drugs (D.S.S. and Derivatives)
40. Amodiaquin
41. Vitamins 'A'
42. Vitamins 'C'
43. Emetine
44. Santonine
45. Quinine
46. Brucine
47. Synthetic hormones
48. Aspirin
49. Calcium gluconate and other calcium salts
50. Ferro gluconate
51. Nikethamide
52. Insecticides, pesticides (formulatics only), Fungicides
53. Dyeing and tanning products
54. Dentifrics.

IV. Engineering Products

1. Aluminium and A.C.S. conductors
2. Insulators

3. Distribution Transformers
4. Transmission line poles and towers
5. Air conditioners, water coolers and refrigerators
6. Public address equipment
7. Radio receivers
8. Batteries
9. Rubber and plastic insulated house wiring cables
10. Electric motors
11. Bicycles and bicycle parts
12. Oil expellers
13. Electricity House service meters
14. Agricultural implements (if tractor drawn)
15. Cotton and hair belting
16. Screws and hinges
17. Diesel engines (stationary)
18. Coated abrasives
19. Duplicators
20. Zip fasteners
21. Buckles
22. Eyelets
23. Vacuum bottles and flasks
24. Collapsible tubes
25. Ball bearings
26. Pumps (coupled with prime movers or not) (Centrifugal pumps)
27. Pumps driven by diesel engines and electric motors
28. Railway materials including rolling stock, *etc.*
29. Precision and scientific instruments; survey instruments
30. Machinery parts
31. Metal containers
32. Paper and pulp making machinery
33. Grey iron castings, forgings and cast iron pipes
34. Rolled steel products
35. Steel castings and forgings
36. Foundry castings for machine parts
37. Crown corks
38. Cutlery
39. Nuts, bolts, *etc.*
40. Sewing machines
41. Electric fans and parts
42. Safety Razor blades
43. Handtools and small tools
44. Ebonite sheets
45. Steel furniture
46. Tin plates containers
47. Household utensils of iron and steel, brass and aluminium
48. Kerosene stoves
49. Weighing machines
50. Split pulleys
51. Scientific instruments of all types
52. G.I. buckets
53. Arc welding electrodes
54. Enamelled copper wire

55. Sandpaper
56. Locks and padlocks
57. Steel structural and fabrication and conduit pipes and fittings
58. Sugarcane crushing machinery
59. Pressure lamps and stoves
60. Milk steel pipes
61. Electric tools, appliances and accessories such as conduit pipes, switches, bells, holders, cut-outs, etc.
62. Rods and tubes
63. Fire extinguishers
64. Textile machinery
65. Cement machinery

V. *Mining Products*

1. Mica bricks
2. Micanite
3. Ground mica
4. Sillimanite
5. Ilmenite
6. Magnesite
7. Iron ore
8. Manganese ore
9. Coal and coke
10. Limestone
11. Stone boulders and Pakur stones

VI. *Plastics and Sports Goods*

1. Spectacle frames
2. Fountain pens
3. Plastic and Moulded goods including umbrella handles
4. Linoleum
5. Leather cloth
6. Bangles
7. Sports goods
8. Decorative laminate.

VII. *Cotton and Woolen, Textiles, such as*

1. Cotton, silk, art silk, and rayon fabrics
2. Handloom fabrics
3. Cotton sewing thread
4. Durries
5. Furnishing fabrics
6. Garments

VIII. *Food*

1. Spices including pepper, provisions and oilman stores
2. Preserved fruits and vegetable products (Bottled and canned)
3. Processed food
4. Cane, Jaggery and Powder (Indian Gur)

IX. *Household and Building Materials*

1. Window, door and other frames

2. G.I. Pipes and fittings
3. Household heating and electrical fittings and fixtures
4. Cooking ranges and heaters
5. Electric irons, toasters, kettles, *etc.*
6. Roofing tiles
7. Sanitaryware
8. Manhole covers and plates
9. Hurricane lanterns
10. Safes, strong boxes.
11. Roof fittings
12. Prefabricated building materials, sanitary and plumbing materials.

X. *Others*

1. Biscuits
2. Confectionery and chocolates
3. Potable spirits and beer
4. Red Earthen tiles
5. Agarbathies
6. Pencils
7. Carbon paper and typewriter ribbons
8. Books (Printed and others)
9. Brass artware and other handicrafts
10. Bees wax
11. Paraffin wax
12. Opium, raw
13. Exposed cinematographic films whether developed or not
14. Gramophone records
15. Clocks and watches
16. Umbrella and umbrella parts
17. Handicrafts and cottage industry products
18. Artificial dentures
19. Stationery articles
20. Ball-point pencils
21. Sandalwood chips
22. Cigarette paper
23. Cycle rims
24. Artistic silver, copper, brass and bidri products
25. Printing inks
26. Guar gum
27. Ivory articles
28. Wood carvings
29. Earthenware
30. Filigiri work
31. Fancy jewellery
32. Basketware
33. Shellac and seed lac
34. Forest produce including bamboos, canes and sun grass
35. Khari salt
36. Silbatta
37. Cutch and gambier
38. Myrobalan and Myrobalan products
39. Glass and glassware including tableware

40. Glass bottles and bangles
41. Cans
42. Press buttons
43. Musical instruments
44. Gums and resins
45. Elephants, milch and draught cattle
46. Sandal wood
47. Wood, lumber and cork manufactures
48. Base metals
49. Ropes and cordages
50. Mica and Micanite
51. Animals including wild animals
52. Troca shells and other shells
53. Kyanite
54. Honey
55. Saffron
56. Marbles
57. Sponges
58. Barytes
59. Cotton waste
60. Carpets
61. Sheep casings
62. Tanned hides and skins
63. Bristles
64. Fibres for brushes
65. Asbestos cement sheets
66. Bidis
67. Enamelware
68. Tyres and tubes.

NOTE : The export of goods included in this list will be subject to availability and in accordance with the laws, regulations and procedures in force in India from time to time.

SCHEDULE 'B'

LIST OF ITEMS EXPORTABLE FROM PAKISTAN

1. Jute, jute waste all types and jute manufactures, the following :
 - (i) Gunny bags
 - (ii) Hessian cloth
 - (iii) Carpets and Mats
 - (iv) Rope, Twine Yarn, thread and strings, all sorts
2. Tarpaulins
3. Kenaf, Mesta, Rosella and Hemp and manufactures thereof
4. Wool raw and woollen piecegoods and yarn
5. Woollen blankets
6. Woollen carpets and rugs
7. Hides and skins including Karakulis, reptile skins and crocodile skins
8. Hides, Fleshings, cuttings and trimmings
9. Tanned and semi-tanned leather, all sorts
10. Kips, bark tanned
11. Leather goods including leather gloves, suitcases, hand bags and footwear.

12. Furs, raw or tanned, all sorts and manufactures thereof
13. Bile of Cow (oxgall)
14. Sheep casings
15. Animal hair (new)
16. Dried blood of animals
17. Gelatine and slake glue
18. Cotton raw
19. Cotton waste soft [as at (i) to (xiii) below], cotton linters and yellow pickings :
 - (i) Bondas
 - (ii) Card Fly
 - (iii) Card strips
 - (iv) Comber fly
 - (v) Cylinder fly
 - (vi) Droppings willowed and un-willowed
 - (vii) Flat fly willowed and un-willowed
 - (viii) Cutter fly
 - (ix) Luckrine fly
 - (x) Oily
 - (xi) Rings weep
 - (xii) Rubbings
 - (xiii) Solid bondas
20. Hard cotton waste in cuts or pieces not exceeding three inches in length
21. Cotton seed and cotton seed oil cake
22. Cotton seed hull fibres
23. Cotton seed hull or husks
24. Cotton durries and carpets used for floor coverings
25. Cotton rope and niwar
26. Fishing ropes
27. Cotton fishing nets
28. Cotton rags
29. Cotton yarn
30. Cotton textiles, (grey or specialised goods)
31. Handloom cloth
32. Hosiery
33. Sewing thread
34. Readymade garments
35. Cotton wool absorbent
36. Kapok, Kapok seed and Kapok seed oil
37. Sunn hemp
38. Raw silk waste, unprocessed
39. Cumin seeds
40. Castor seed and castor seed cake
41. Oil seed cake, all sorts
42. Guar seed and its byproducts
43. Essential oils
44. Shark liver oil
45. Methylated spirit
46. Power alcohol
47. Molasses
- 47-A. Dhanicha seeds
- 47-B. Chuna Khari pearls
- 47-C. Eggs and Poultry

47-D. Books and Periodicals

48. Dried fish, fish meal and fish maws
49. Bones crushed, bonemeal and bonegrit
50. Bone dust and bone sinews and similar articles
51. Horns and hooves, crushed and uncrushed including shavings
52. Honey and bees wax
53. Herbs, crude drugs, extracts and indigenous drugs and medicines
54. Artemissia
55. Ephedra and Ephedrine hydrochloride including crystals and extracts
56. Santonine
57. Drugs and Pharmaceuticals
58. Glycerine
59. Chemicals
60. Pyrethrum insecticides
61. Turpentine
62. Henna leaves and powder
63. Saltpetre
64. Rosin
65. Rock salt and sea salt
66. Chrome ore
67. Gypsum
68. Magnesium Silicate (Soap stone)
69. Sodium silicate
70. Lime and lime stone (from West Pakistan only)
71. Surgical instruments including parts and accessories thereof
72. Medical, dental and veterinary instruments and appliances
73. Hospital equipment
74. Surgical rubber goods
75. Scissors, all sorts
76. Cutlery
77. Household utensils
- 77-A. Forest Produce
- 77-B. Fresh Fruits
- 77-C. Green spices
- 77-D. Betel nuts
78. Aluminium, Brass, copper and other metallic wares, all sorts
79. Hardware all sorts
80. Machinery and spare parts
81. Mechanical tools
82. Electrical goods including fans, etc.
83. Musical instruments including parts and accessories thereof
84. Articles made of marble
85. Ivory goods
86. Brass and ivory inlaid wooden articles
87. Handicraft articles, all sorts
88. Embroidered goods, all sorts
89. Novelties and Curies other than those containing silver and gold
90. Gold and silver thread (real zari) and imitation articles made therefrom
91. Kashmir Artware
92. Pashmina cloth and manufactures thereof with or without silk and/or cotton embroidery work
93. Art fabrics
94. Toys, all sorts

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95. Conch shell products
96. Desi shoes
97. Glass bangles
98. Hand bags
99. Peshawari Chappals with Zari and embroidery work
100. Canvas shoes with rubber soles
101. Tea
102. Rice
103. Biscuits and confectioneries
104. Canned and Bottled fruits, chutnies, pickles, jellies, curry powder and syrups
105. Canned fish, frozen fish and prawns and shrimps
106. Beer
107. Tobacco including Virginia type
- 107-A. Betel leaves
- 107-B. Fluorspar
- 107-C. Nylon guts and monofilament
- 107-D. Live Tortoise
108. Macaroni and vermicelli
109. Sports goods, all sorts, games, gymnastics and athletic appliances, accessories and requisites thereof.
110. Guts for tennis rackets and strings for musical instruments
111. Rubber manufactures, all sorts
112. Rattan (cane) furniture and its other manufactures
113. Hurricane Lanterns
114. Pressure lamps, stoves and mantles
115. Sewing machines
116. Padlock
117. Sanitaryware
118. Ornamental tiles
119. Cement, Portland
120. Asbestos sheets
121. Toilet requisites and perfumery
122. Razor Blades
123. Spectacle Frames
124. Sun glasses
125. Imitation Jewellery
126. Fountain pens and pencils
127. Plastic manufactures
128. Buttons (Mother of pearl, horns, *etc.*) all sorts
129. Bicycles and parts
130. Cycle tyres and tubes
131. Paints and varnishes
132. Newsprint, paper and board, all sorts.
133. Gramophone records
134. Postage stamps
135. Chemical Fertilizers including Urea
136. Industrial alcohol
137. Fresh fish
138. Coal

NOTE : The export of goods included in this list will be subject to availability and in accordance with the laws and regulations and procedures in force in Pakistan from time to time.

PROTOCOL

PROTOCOL TO THE TRADE AGREEMENT BETWEEN THE GOVERNMENT
OF INDIA AND THE GOVERNMENT OF PAKISTAN
SIGNED ON THE 1ST SEPTEMBER, 1963.

In pursuance of Article VI of the Trade Agreement between the Government of India and Government of Pakistan, the two Governments have agreed to enter into, by means of this Protocol, Special Arrangements in respect of the commodities specified below :

Sr. No.	Commodities	Country of Export	Country of Import and Quantities		Route	Remarks
1.	Coal	India	Pakistan		By all rail route	Provided supplies are not interrupted by causes beyond human control, such as strikes, accidents, floods, etc.
			East 95,000 tons (per month)	West 20,000 tons (per month)		
2.	Stones boulders including pakur stone	India	Pakistan (East) 40,000 tons (per year)	15,000 tones (per month)	By rail (Broad gauge)	The movement of boulders will be subject to details being settled between the Railways concerned
			10,000 tons (per year.)		By rail (Meter gauge)	Ditto.
3.	Raw jute and jute cuttings	Pakistan	India		—	Quantities to be indicated by India to Pakistan by the end of September each year.
4.	Raw cotton	Pakistan	India		—	Quantities to be indicated by India to Pakistan by the end of October each year.

THIS Protocol is signed at Karachi on the first day of September, 1963, in two original copies in English language, both of which are equally authentic.

Sd/-

S. VOHRA

For the Government of India.

Sd/-

E.A. NAIK

For the Government of Pakistan.

LETTERS

EXCHANGE OF LETTERS, KARACHI, 1 SEPTEMBER 1963

Karachi

1st September, 1963

My Dear Mr. VOHRA,

During the course of the discussions between our two delegations regarding the conclusion of the new Trade Agreement signed to-day, it was agreed that the validity of the Trade Agreement between India and Pakistan, dated March 21, 1960 shall be deemed to have been extended to August 31, 1963.

I shall be grateful if you can kindly confirm that the above sets out correctly the understanding reached between us.

Yours sincerely,

Sd/-

E.A. NAIK

Mr. S. VOHRA,
Leader of the Indian Trade Delegation,
Karachi.

My Dear Mr. NAIK,

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

(Text Not Reproduced)

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

Yours sincerely,

Sd/-

S. VOHRA

Mr. E. A. NAIK,
Leader, Pakistan Trade Delegation,
Karachi.

Karachi,
1st September, 1963

My Dear Mr. NAIK,

During the course of discussions between our two delegations regarding the review of the Trade Agreement¹ between the Government of Pakistan and the Government of India dated March 21, 1960 and regarding the conclusion of the new Trade Agreement between the two countries signed to-day, it was agreed as under :

- (a) With reference to para 7 of Protocol No. 1 of the above-said Agreement, dated March 21, 1960, the amount outstanding in the "National Bank of Pakistan Clearing Account 'A'" maintained with the State Bank of India under the said Protocol No. 1 may be liquidated by import by India of the following commodities from Pakistan :
- (i) Commodities² mentioned in Group 'E' of Schedule I of Annexure I to the Protocol No. 1 mentioned above.
 - (ii) Urea.
 - (iii) Industrial Alcohol.
 - (iv) Such other commodities as may be mutually agreed upon.
- (b) The "National Bank of Pakistan Clearing Account 'A'" with the State Bank of India will be continued beyond August 31, 1963 under the terms and conditions provided in Protocol No.1 to the above-said Agreement, dated March 21, 1960 and the banking arrangements made between the National Bank of Pakistan and the State Bank of India in pursuance thereof, till such time as the entire amount outstanding is liquidated.
- (c) It was agreed that the following commodities upto the quantity/value mentioned against each may be imported by India towards the liquidation of the said amount outstanding :

<i>Commodity</i>	<i>Quantity / value</i>
1. Urea	30,000 tons
2. Gypsum	Indian Rs. 50,00,000
3. Industrial Alcohol	Indian Rs. 12,00,000

1. IBTA Vol. 3, Doc. No. 199.

2. Ibid p 357.

The prices, specifications, quantities *etc.* of urea and Gypsum will be negotiated by the concerned Pakistan Industrial Development Corporation on the one hand and the State Trading Corporation of India and the Fertiliser Corporation of India, respectively, on the other, to the satisfaction of the Contracting Parties. Contracts will be entered likewise between the concerned manufacturers and the State Trading Corporation of India regarding export of Industrial Alcohol.

- (d) It was agreed that subject to the rules and regulations for the time being in force, Pakistan will facilitate the export to India of the commodities as mentioned in paragraph 1(a) and 1(c) above.

2. I shall be grateful if you would kindly confirm that the above sets out correctly the understanding reached.

Yours sincerely

Sd/-

S. VOHRA
Leader,
Indian Trade Delegation

Mr. E.A. NAIK,
Leader, Pakistan Trade Delegation,
Karachi.

Karachi
1st September, 1963

My Dear Mr. VOHRA,

I write to acknowledge receipt of your letter of to-day's date which reads as follows :

(Text Not Reproduced)

2. I confirm that the above sets out correctly the understanding reached.

Yours sincerely,

Sd/-

E. A. NAIK
Leader,
Pakistan Trade Delegation

Mr. S. VOHRA
Leader,
Indian Trade Delegation,
Karachi.

PROTOCOL I

PROTOCOL I TO THE TRADE AGREEMENT OF 1ST SEPTEMBER, 1963
BETWEEN THE GOVERNMENTS OF INDIA AND PAKISTAN,
RAWALPINDI, 17 JULY, 1964

In pursuance of Article VI of the Trade Agreement between the Government of India and the Government of the Islamic Republic of Pakistan signed on the 1st September, 1963, the two Governments have agreed to enter into the following special Arrangement to facilitate, on a self-balancing basis, the exchange between the two countries of the commodities mentioned in the Schedule below, to the extent of the values mentioned against each subject to the conditions mentioned hereinafter :

SCHEDULE

Exports from Pakistan to India		Exports from India to Pakistan	
Joshi Rice		Coal	Rs. 200 lakhs
Kangni Rice	Rs. 365 lakhs	Biri leaves	Rs. 40 lakhs
		Spices - (excluding chillies, ginger, cloves and turmeric)	Rs. 45 lakhs
		Lime stone	Rs. 10 lakhs
		Umbrella fittings	Rs. 12 lakhs
		Stone boulders	Rs. 10 lakhs
		Crude Drugs	Rs. 12 lakhs
		Railway equipment as specified in Annexure I	Rs. 36 lakhs
Total:	Rs. 365.00 lakhs	Total:	Rs. 365.00 lakhs

2. All payments in respect of sale and purchase of the commodities listed in para 1 shall be made by Pakistan and India in non-convertible Indian Rupees upto the values mentioned therein into and from a special account styled as "National Bank of Pakistan—Special Rice Account" to be opened by the National Bank of Pakistan with the State Bank of India (hereinafter referred to as the Special Rice Account.) The value of rice exported from Pakistan will be credited to the Special Rice Account and the value of commodities imported into Pakistan from India will be debited to the Special Rice Account. The banking arrangements relating to this Protocol shall be as given in Annexure II.
3. All transactions in respect of the commodities to be imported into Pakistan shall, for the purposes of the Special Rice Account, be valued either on F.O.R. or C & F basis depending on the terms of the contract entered into. The rice exported from Pakistan under this Arrangement shall be valued on F.O.B. basis.
4. In case there is insufficient credit balance in the Special Rice Account to meet payment in respect of imports into Pakistan from India, the State Bank of India shall allow an over-draft in the Special Rice Account and all outstanding letters of credit and other commitments on the part of the National Bank of Pakistan shall be honoured by the State Bank of India. The balance in the Special Rice Account, both credit and debit, shall carry interest at 2½% per annum, on a daily product basis, and this interest shall be credited or debited monthly, to the Special Rice Account under advice to the National Bank of Pakistan.
5. In case of any change in the parity rate of the Indian Rupee, the balance in the Special Rice Account shall be adjusted in proportion to the change in the rate.
6. It is the intention of both Governments that rice should be imported into India by 31st December, 1964 and the Indian goods be imported into Pakistan by 16th July, 1965. If at the end of this period, there has been any shortfall in the import of commodities other than coal, the said shortfall shall be made good by supplying coal of equivalent value instead, over the next three months, that is, by 16th October, 1965. If any rupees lie to the credit of the Special Rice Account, as on 16th October, 1965, by reason of any shortfall in the supply of coal in lieu of the shortfall of other commodities, as provided for in para 1, then the said funds shall be remitted

in convertible Pounds Sterling to Pakistan in three equal monthly installments as follows :

<i>No. of Instalment</i>	<i>Date of remittance</i>
1st instalment	17th October, 1965
2nd instalment	17th November, 1965
3rd instalment	17th December, 1965

7. While the export and import of goods between the two countries as envisaged under this Arrangement will take place on the basis of commercial contracts to be executed between the parties directly concerned in the two countries, both Governments will in every way facilitate the movement of goods and will, inter alia, issue import/export licences where necessary.
8. In case of any shortfall in the delivery of rice to India, which might affect the estimated imports into Pakistan of commodities of the value of Rs. 365 lakhs, the value of the various Indian goods to be exported to Pakistan will stand revised in the same proportion.
9. All payments under letters of credit for import of coal into Pakistan from India, established on or after the date of signing of this Arrangement, shall be made from the Special Rice Account. In respect of other commodities listed in para 1 above, this Arrangement shall apply to all contracts concluded on and after the 17th July, 1964.
10. This Protocol is signed in Rawalpindi on the 17th July 1964 in two original copies in the English language both of which are equally authentic.

For and on behalf of the
Government of India

For and on behalf of the
Government of the
Islamic Republic of Pakistan

Sd/-
Y. T. SHAH
Joint Secretary to the
Government of India and
Leader of the Indian Delegation.

Sd/-
M. ASLAM
Secretary to the Government of
Pakistan and Leader of the
Pakistan Delegation.

ANNEXURE I
RAILWAY EQUIPMENT

1. Fish plates 90 pounds
2. DOG Spikes B.G.
3. Anchor Plates cast iron 90 pounds
4. Anchor Plates 60 Pounds
5. Bearing Plates 90 Pounds
6. Bearing Plates 60 Pounds
7. Keys two way B.G.
8. Keys two way M.G.
9. Points and Crossings one in 12 90 Pounds
10. Points and Crossing one in 8½ 90 Pounds
11. Points and Crossings one in 12 60 Pounds
12. Points and Crossing one in 8½ 60 Pounds
13. Vacuum brake Hose Pipes 22 inch
14. Vacuum brake Hose pipes 27' × 2"
15. Fire bricks 9" × 4½" × 2½"
16. Fire bricks CUPOLA
17. Cast iron Soil pipes 6' × 4"
18. Cast iron Soil pipes 6' × 3"
19. Screw coupling
20. Signal fittings
21. Any other Railway materials as may be required by Pakistan and may be available from India.

ANNEXURE II

Banking Arrangement for Financing The Movement of Goods under Protocol I Relating to Export of Rice from Pakistan to India Against Import Into Pakistan from India of Specified Commodities Signed on 17th July, 1964.

The National Bank of Pakistan, Local Office, Karachi, shall maintain a special non-convertible Indian Rupee Account with the State Bank of India, New Delhi, styled as "National Bank of Pakistan—Special Rice Account" (hereinafter referred to as the Special Rice Account), for the purposes of making and receiving of all payments in respect of the sale and purchase of commodities covered by the Protocol.

2. All claims or adjustments in respect of goods exchanged under this Protocol as also all bank charges shall be settled through the said Account.
3. In case there is insufficient credit balance in the Special Rice Account to meet payments in respect of imports into Pakistan from India, the State Bank of India shall allow an over-draft in

the Special Rice Account and all outstanding letters of credit and other commitments on the part of the National Bank of Pakistan shall be honoured by the State Bank of India. The balance in the Special Rice Account, both credit and debit, shall carry interest at 2½% per annum, on a daily product basis, and this interest shall be credited or debited monthly to the Special Rice Account under advice to the National Bank of Pakistan.

Procedure

4. *Exports from Pakistan to India :*

The payment for rice exported from Pakistan to India under the Protocol shall be made to the credit of the Special Rice Account in accordance with the terms of the Agreement entered into between the Government of Pakistan and the Government of India.

5. *Exports from India to Pakistan :*

The offices of the National Bank of Pakistan opening Letters of credit will advise the Credits through the concerned offices of the State Bank of India in India and will send a copy of each such letter of credit to the State Bank of India, New Delhi.

Collecting offices of the National Bank of Pakistan will advise the respective remitting offices in India of the payment of each bill received for collection. Copies of such advices issued by the offices of the National Bank of Pakistan will in each case be sent to the State Bank of India, New Delhi.

6. *Statement of Accounts and Advices :*

The State Bank of India, New Delhi, will send daily statements of account to the National bank of Pakistan, Local Office, Karachi. The statements will indicate the relative bill, letter of credit number and description of each item posted in the statement, and also the name of the office of the National Bank of Pakistan concerned.

The State Bank of India will send advice to the National Bank of Pakistan, Karachi, of each credit to the Special Rice Account indicating the invoice number of the Government of Pakistan covering the relative shipment. The invoice number will also be given in their daily statement of account.

7. *Modification of Procedure :*

The procedure outlined in paragraphs 4, 5 and 6 above may be modified by mutual agreement. Until any modification is mutually agreed upon, the procedure set forth in the aforesaid paragraphs shall remain operative.

PROTOCOL II

PROTOCOL II TO THE TRADE AGREEMENT OF 1ST SEPTEMBER, 1963
RAWALPINDI, 17TH JULY 1964

The Government of India and the Government of the Islamic Republic of Pakistan have in pursuance of Article VI of the Trade Agreement between the two countries signed on the 1st September, 1963 agreed to enter into the following Special Arrangement for the exchange of fresh fruits to the extent of Rs. 50 lakhs by each country on a self balancing basis.

1. For the exclusive purpose of facilitating transactions under this Arrangement a special non-convertible Indian rupee account shall be opened by the National Bank of Pakistan, Local Office, Karachi with the State Bank of India, New Delhi styled as "National Bank of Pakistan—Special Fruit Account"—hereinafter referred to as the Special Fruit Account. The banking arrangements shall be as given in the Annexure.
2. All payments in respect of imports under this Arrangement of fresh fruits from Pakistan into India shall be made by credit to the Special Fruit Account. Likewise, all payments in respect of imports of fresh fruits from India into Pakistan shall be made by debit to the Special Fruit Account.
3. All transactions under this Arrangement shall be valued either on F.O.R. or C & F. basis depending on the terms of the contracts.
4. The Special Fruit Account shall be a self-balancing account. The State Bank of India shall allow overdraft facilities in the said Account upto Rs. 20 lakhs (Rupees twenty lakhs only) at any time during the currency of this Arrangement. The balance in this Account, both credit and debit, shall carry interest at 2½% per annum on a daily product basis, and

this interest shall be credited or debited monthly to the Special Fruit Account under advice to the National Bank of Pakistan.

5. In case of any change in the parity rate of the Indian rupee, the balance in the Special Fruit Account shall be adjusted in proportion to the change in the rate.
6. If at the close of the currency of this Arrangement *i.e.* on the 17th July, 1965 there remains any amount outstanding in the Special Fruit Account to the credit of either country, the same shall be liquidated by the import of fresh fruits by the country concerned except that if a balance not exceeding Rs. 1,000 (Rupees one thousand only) remains unadjusted for three months after the termination of this Arrangement, this amount shall be adjusted by remittance in convertible Pound Sterling from Pakistan if the account is in debit or by a remittance from India if the account is in credit.
7. The import licences of the value of Rs. 50 lakhs shall be issued by each country in two or three instalments. The first instalment of the licences of Rs. 20 lakhs in value, shall be issued immediately after the signing of this Protocol, valid for shipment not beyond the 15th October, 1964. At the end of this period both Governments will undertake a review of the actual imports and exports of fresh fruits against the licences issued. Either Government may call for a review not later than one month from the 15th October 1964 to assess the actual progress of imports and to consider :
 - (a) what corrective measures, if necessary, should be taken by the country running an import deficit in relation to the first instalment of Rs. 20 lakhs; and
 - (b) the size of the next instalment of import licences to be issued by each country having regard also to the seasonal factors.

Should either Government consider a meeting for the purpose of the said review necessary, the first such meeting shall be held in New Delhi.

In the event of the performance of imports by each country being in conformity (within a margin of plus/minus 10%) with the said instalment of Rs. 20 lakhs, then by mutual agreement, the two countries may dispense with the meeting

and may proceed with further licensing of the balance so as to make up the total of Rs. 50 lakhs.

8. This Arrangement shall be valid for a period of one year from the date of signing.
9. This Protocol is signed in Rawalpindi on the 17th July, 1964, in two original copies in English language both of which are equally authentic.

For and on behalf of the
Government of India

For and on behalf of the
Government of Islamic
Republic of Pakistan

Sd/-

Sd/-

Y.T. SHAH
Joint Secretary to the
Government of India and
Leader of the Indian Delegation.

M. ASLAM
Secretary to the Government of
Pakistan and Leader of the
Pakistan Delegation.

ANNEXURE

Banking arrangements for financing the movement of fresh fruits under Protocol II dated 17th July, 1964 between the Government of Pakistan and the Government of India.

The National Bank of Pakistan, Local Office, Karachi, shall maintain a Special non-convertible Indian rupee account with the State Bank of India, New Delhi, for the purpose of making or receiving of all payments in respect of the sale and purchase of fresh fruits in accordance with the Protocol dated the 17th July, 1964 between the Government of Pakistan and the Government of India. The account shall be styled "National Bank of Pakistan—Special Fruit Account" (hereinafter referred to as the Special Fruit Account).

2. All claims or adjustments in respect of goods exchanged under the Protocol as also all banking charges shall be settled through the Special Fruit Account.
3. The Special Fruit Account shall be a self-balancing Account. The State Bank of India shall allow overdraft facilities in the said Account upto Rs. 20 lakhs at any time during the currency of

this Arrangement. The balance in this Account, both credit and debit, shall carry interest at 2½% per annum on a daily product basis and this interest shall be credited or debited monthly to the Special Fruit Account under advice to the National Bank of Pakistan.

Procedure

4. *Exports from Pakistan to India :*

The office of the National Bank of Pakistan handling export documents will send these documents under a covering schedule to the concerned office of the State Bank of India in India and will at the same time send a copy of this schedule to the State Bank of India, New Delhi.

5. *Exports from India to Pakistan :*

The offices of the National Bank of Pakistan opening Letters of Credit will advise the credits through the concerned offices of the State Bank of India in India, and will send a copy of each such Letter of Credit to the State Bank of India, New Delhi.

Collecting offices of both the National Bank of Pakistan and the State Bank of India will advise the respective remitting offices on the other side of the payment of each bill received for collection. Copies of such advices issued by offices of the State Bank of India will in each case be sent to the National Bank of Pakistan, Local office, Karachi.

6. *Statement of Accounts and Advices :*

The State Bank of India, New Delhi, will send daily statements of accounts to National Bank of Pakistan Local Office, Karachi. The statements will indicate the relevant bills and Letters of Credit numbers against each item posted in the statement and also the name of the offices of the National Bank of Pakistan concerned.

7. *Modification of Procedure :*

The procedure outlined in paragraphs 4, 5 and 6 above may be modified by mutual agreement. Until any modification is mutually agreed upon, the procedure set forth in the aforesaid paragraphs shall remain operative.
