

**A Compilation of Joint Communiqués and Press
Statements Issued by Governments of Nepal and
India during Prime Ministers' Officials Visits
(1990-2009)**



INSTITUTE OF FOREIGN AFFAIRS

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PREFACE

The institute of Foreign Affairs (IFA) feels very happy and privileged to publish the texts of the joint communiqués and press statements issued at different intervals of time at the end of the official visits of the Prime Ministers of Nepal to India and that of the Indian Prime Ministers to Nepal after the political change of 1990 AD.

The institute established more than a decade ago, aims at strengthening the Ministry of Foreign Affairs (MoFA) by conducting various programs and is initiating the process to make available all the public documents pertaining to Foreign Affairs in consonance with the right to information of the Nepalese people. The relevant documents published in the form of a book will be a very good reference materials for all who are interested in studying the various dimensions of relations that Nepal and India enjoy for all these years.

Concomitantly, the handbook also intends to serve as a basic text in understanding the contemporary dynamics of Nepalese diplomacy vis-a-vis its southern neighbor, India. Obviously, it helps to understand the underpinnings and cross-currents of the different dimensions of close and friendly relations between Nepal and India during the last two decades.

The institute, therefore, fully understands the historical relevance of this publication that would be of great documentary value to all those who are interested in the comprehensive study of Nepal-India ties of friendship and co-operation after the restoration of multi-party democracy, two decades ago.

At the end, the Institute highly appreciates the cooperation received from Ms. Anjan Shakya, the Deputy Executive Director, and other support staff of the Institute of Foreign Affairs for the publication of this handbook.

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Joint Statement on Official visit of Rt. Hon. Madhav Kumar Nepal, Prime Minister of Nepal to India (August 18-22, 2009)

1. Rt. Hon. Madhav Kumar Nepal, Prime Minister of Nepal, paid an official visit to India from August 18-22, 2009 at the invitation of H.E. Dr. Manmohan Singh, Prime Minister of India. The Prime Minister of Nepal was accompanied by Hon. Mr. Sarat Singh Bhandari, Minister for Tourism and Civil Aviation; Hon. Mr. Rajendra Mahato, Minister for Commerce and Supplies; Hon. Mr. Surendra Pandey, Minister for Finance; Hon. Dr. Prakash Sharan Mahat, Minister for Energy; and Hon. Mr. Mahendra Prasad Yadav, Minister for Industry. The delegation included Members of the Constituent Assembly, senior officials of the Government of Nepal, a business delegation and a delegation of media representatives.
2. On August 19, the Prime Minister of Nepal called on H. E. Smt. Pratibha Devi Singh Patil, the President of India, and on H.E. Shri Mohammad Hamid Ansari, the Vice-President of India.
3. The Prime Minister of Nepal had a meeting on August 19 with the Prime Minister of India, which was followed by delegation level talks led by the two Prime Ministers, on issues of mutual interest and concern. The Prime Minister of India hosted a banquet in honour of the Prime Minister of Nepal and Mrs. Gayatri Nepal. Hon. Shri S.M. Krishna, External Affairs Minister; Hon. Shri Pranab Mukherjee, Finance Minister; Hon. Shri P. Chidambaram, Home Minister, called on the Prime Minister of Nepal, who also had a meeting with Smt. Sonia Gandhi, Chairperson of the United Progressive Alliance (UPA) and the President of Indian National Congress.
4. An interaction with the Indian business community was jointly hosted by ASSOCHAM, CII and FICCI in honour of the Prime Minister of Nepal and his delegation on August 19, 2009. During his stay in India, the Prime Minister visited Mumbai from August 21-22, 2009.

5. The Prime Minister of India extended a warm welcome to the Prime Minister of Nepal. The two Prime Ministers warmly recalled their meeting in Sharm El Sheikh, Egypt, on July 16, 2009 on the sidelines of the 15th NAM Summit. They expressed their satisfaction regarding the age-old, close, cordial and multi-faceted relations existing between Nepal and India and agreed to expand these further. The talks were held in an atmosphere of utmost cordiality and warmth.
6. The two Prime Ministers expressed their satisfaction at the state of bilateral relations between the two countries and resolved to work together to further strengthen and enhance cooperation consistent with the wishes and aspirations of the people of both the countries. Reiterating the importance of the cordial and multi-faceted relationship between Nepal and India, the two Prime Ministers reaffirmed their determination to consolidate and expand the areas of cooperation with a view to taking the relationship to a new height on the basis of mutual respect, understanding and mutual benefit.
7. The Prime Minister of Nepal stressed that bringing the peace process in Nepal to a positive and meaningful conclusion in coordination and cooperation with all concerned parties, writing a new Constitution within the stipulated time frame and accelerating the pace of economic development are the main priorities of the Government of Nepal. The Prime Minister of India expressed full support for the ongoing peace process and efforts to bring about economic transformation in Nepal.
8. The two Prime Ministers agreed on the need to reinvigorate bilateral relations in all areas and directed that all the established institutional bilateral mechanisms should function effectively, in a time-bound manner and lead to concrete outcomes for the benefit of both countries.
9. The two sides agreed that enhancing trade between Nepal and India was a priority for both countries. Both sides agreed that the Inter-Governmental Committee (IGC) at the level of Commerce Secretaries should look into the relevant issues with a view to promoting trade, investments and industrialization in Nepal, expanding complementarities of bilateral trade on a sustainable basis and further removing barriers to trade and investment. The two Prime Ministers directed that the IGC should meet within the next two months. The two sides completed negotiations and initialed the revised Treaty of

Trade and Agreement of Cooperation to Control Unauthorized Trade, which would contribute to further enhancing bilateral trade.

10. To facilitate Nepal's foreign trade, India agreed to the utilization of its port at Vishakhapatnam for movement of transit traffic to and from Nepal. It also expressed willingness to favourably consider request for usage for trade purposes of an additional sea port on its western coast.
11. The Nepalese side expressed satisfaction for the Indian assistance to control goitre and other forms of Iodine Deficiency Disorders. The Foreign Secretaries of India and Nepal signed a MoU regarding continuation of Indian grant assistance for the goitre control programme in Nepal.
12. The Nepalese side informed that the Government of Nepal will take further necessary measures for the promotion of an investor-friendly and enabling business environment to encourage Indian public and private sector investments in Nepal, and a Bilateral Investment Promotion and Protection Agreement would be concluded and signed at an early date. The Indian side would encourage its business and industrial community to increase investment in Nepal. The two sides expressed satisfaction at the growing commercial relationship between the two countries but agreed that there was much untapped potential. In order to further deepen the economic engagement and utilize the full potential for such cooperation that exists between the two countries, it was agreed that a new Agreement on Avoidance of Double Taxation would be concluded and signed at an early date.
13. The two sides discussed security concerns relating to the open border between the two countries. The Nepalese side assured that it would not allow its territory to be used for any activity against India and the Indian side also gave the same assurance to the Nepalese side. It was agreed that the Bilateral Consultative Group on Security Issues and the Home Secretaries of the two countries will meet within two months to enhance bilateral cooperation to effectively address all issues concerning security, including cross-border crime, and establishing effective communication links between and along the bordering districts to further facilitate the exchange of information. The two sides agreed to consider steps to further facilitate cross-border arrangements in order to resolve border related issues and to assist local populations in the border areas on both sides. The two

- sides also stressed on the need for strengthening the legal framework, in order to counter their common cross border security challenges.
14. To enable the Nepal Police to meet the emerging challenges and help it build its capacity to train police personnel, the Government of India agreed to the request of the Government of Nepal for the development of infrastructure and construction of buildings of the proposed National Police Academy at Panauti, Kavre in Nepal at an estimated cost of IRs.320 crores.
 15. The two sides expressed satisfaction at the progress made by Nepal-India Joint Technical Committee (JTC) in preparing and finalizing the boundary strip maps. The Government of Nepal agreed to take further necessary steps to facilitate the early signing of the strip maps.
 16. The two Prime Ministers directed the Foreign Secretaries to discuss and review the 1950 Treaty of Peace and Friendship and other bilateral agreements with a view to further strengthening the bilateral relationship.
 17. The Government of India will continue to assist the Government and the people of Nepal in their economic development and reconstruction. The areas of assistance would include infrastructure, human resource development, health and education.
 18. The Nepalese side expressed appreciation of India's contribution for the development of BP Koirala Institute of Health Sciences at Dharan and its support in providing Indian faculty with IRs. 5 crores for a further period of two years.
 19. The Nepalese side highlighted the need for human resource development, particularly vocational training in the central region. The Indian side conveyed that they would commence the construction of a polytechnic at Hetauda at a cost of approximately IRs.22 crores.
 20. For implementing an effective and integrated border management system, development of border infrastructure along the India-Nepal border will be undertaken immediately. The Indian side conveyed that construction of two Integrated Check Posts (ICPs) at Birgunj-Raxaul and Biratnagar-Jogbani at an estimated cost of IRs.200 crores will commence soon. The early completion of these modern facilities

would contribute considerably to facilitating people-to-people contact and trade.

21. To enhance connectivity of feeder and lateral roads in the Terai (Hulaki roads), twenty roads of a total length of about 660 kms would be undertaken with Indian assistance in the first phase at an estimated cost of Indian Rs.805 crores. Both sides will strive to complete the work expeditiously. Both sides also agreed to expeditiously implement the Tanakpur-Mahendra Nagar link road as per bilateral discussion.
22. To improve rail connectivity between the two countries, two cross-border rail links would be constructed with Indian assistance at the following two points along the India-Nepal border at an estimated cost of Indian Rs.680 crores:
 - (i) Joghani-Biratnagar (18 kms)
 - (ii) Gauge conversion of Jayanagar to Bijalpura (51 kms) and extension of the same to Bardibas (17 kms).

Both sides will strive to complete the work expeditiously.

23. For accelerated development of financial markets in Nepal, the Government of India would provide technical assistance for establishment of a Central Depository System (CDS) in Nepal at an estimated cost of IRs.9.2 crores towards consultancy, development of application software and training. Relevant stakeholders in Nepal such as the Nepal Stock Exchange Limited (NEPSE) are to provide the necessary infrastructure for the System. Completion of the project is envisaged within a year.
24. In response to a request from the Nepalese side for enhancing scholarships in order to further assist with human resource development in Nepal, the Government of India agreed to double the number of scholarships. The Government of India also agreed to increase the number of slots for training and exchange programmes for Government of Nepal officials, including police personnel, to further strengthen capacity building and expand interaction between the civil servants of the two countries.
25. The Nepalese side expressed satisfaction that India has responded promptly to Nepal's request to send an expert to advise on the development of National Museums in Nepal.

26. In response to a proposal from the Nepalese side to keep the Bagmati River and its tributaries clean and safe, the Indian side agreed to send a technical team to Nepal to study the Bagmati Civilisation Project.
27. Both sides expressed satisfaction over the timely completion of the technically challenging task of the closure of the breach of Koshi embankment last year. They stressed the need for constant vigil and continuous maintenance, as well as other necessary measures so as to avoid the recurrence of such incidents in future. They decided to take up preventive measures for the Gandak and other barrages under the existing bilateral arrangements. The two sides also discussed the problem of inundation in the border areas between Nepal and India and agreed that the Joint Ministerial Commission on Water Resources should address these issues regularly, and the agreed work would be implemented expeditiously.
28. In order to accelerate the implementation of Pancheshwar Multi-purpose Project, the two Prime Ministers directed the Joint Ministerial Commission on Water Resources and Joint Committee on Water Resources to expedite the finalization of Terms of Reference for Pancheshwar Development Authority and the Detailed Project Report of the Pancheshwar Project.
29. The Prime Minister of Nepal conveyed that the Government of Nepal planned to generate 25,000 MW of hydro-electricity in the next twenty years, and sought India's active participation in the development of this potential. The two sides agreed to facilitate increased Indian public and private sector involvement to harness Nepal's hydropower potential. Both sides also agreed to expedite progress on the Sapta Koshi High Dam and Sunkoshi Diversion Project and the Naumure Project as per bilateral discussions. Both sides also agreed to expedite the construction of Dhalkebar-Muzaffarpur 400 KV cross border transmission line for which the modalities are to be developed. In order to facilitate power trade in the short run, the Indian side agreed to examine the Nepalese request for improving the transmission lines in three border areas.
30. The two sides agreed to further extend bilateral cooperation on culture, science and technology, tourism and sports. The Nepalese side said that they would welcome more Indian tourists to visit their country and explore its immensely rich cultural heritage and natural

beauty. Experts of both sides would meet to study and explore the potential areas of cooperation in this important sector.

31. Parliamentarians of both sides can make valuable contribution in sharing experiences, exchange views on strengthening democratic norms and for generating fresh ideas to promote bilateral relations and understanding. The two Prime Ministers agreed that there should be regular exchange of Parliamentary delegations. They also agreed to establish Young Parliamentarians Forum.
32. In response to a request from the Nepalese side for the removal of ban on the export of essential commodities from India to Nepal, the Indian side conveyed that the issue would be considered on receipt of specific proposals.
33. Climate change is an issue that directly affects the ecological resources of India and Nepal. Glacial meltdown in upper reaches of Himalayas and the gradual ecological degradation of the Chure-Bhawar range are leading to natural disasters in the form of floods which are a common threat to both our countries. Both sides agreed to undertake joint scientific collaboration between India and Nepal in hydrological and glaciological study of the impact of climate change for mutually beneficial cooperation.
34. The Prime Minister of Nepal renewed the invitation to the Prime Minister of India to pay an official visit to Nepal at an early date. The Prime Minister of India accepted it with pleasure. The dates of the visit will be decided through diplomatic channels.

New Delhi,
August 22, 2009

Joint Statement on Official visit of Rt. Hon'ble Pushpa Kamal Dahal 'Prachanda', Prime Minister of Nepal to India (September 14-18, 2008)

1. Rt. Hon'ble Pushpa Kamal Dahal 'Prachanda', Prime Minister of Nepal, is on an official visit to India from September 14-18, 2008 at the invitation of H.E. Dr. Manmohan Singh, Prime Minister of India. The Prime Minister of Nepal is accompanied by Hon'ble Mr. Upendra Yadav, Minister for Foreign Affairs, Hon'ble Mr. Krishna Bahadur Mahara, Minister for Information and Communications, Hon'ble Mr. Bishnu Prasad Poudel, Minister for Water Resources and Hon'ble Mr. Rajendra Mahato, Minister for Commerce and Supplies. The delegation includes four members of the Constituent Assembly, senior officials of the Government of Nepal, a business delegation and a delegation of media representatives.
2. During his visit, the Prime Minister of Nepal called on H.E. Smt. Pratibha Devi Singh Patil, the President of India, and on H.E. Shri Mohammad Hamid Ansari, the Vice President of India. The Prime Minister of Nepal had a meeting with the Prime Minister of India, which was followed by delegation level talks, led by the two Prime Ministers, on issues of mutual interest and concern. The Prime Minister of India hosted a banquet in honour of the Prime Minister of Nepal. Shri Pranab Mukherjee, Minister of External Affairs, Prof. Saif-u-Din-Soz, Minister of Water Resources and Shri L.K. Advani, Leader of Opposition in the Lok Sabha called on the Prime Minister of Nepal. The Prime Minister of Nepal had a meeting with Smt. Sonia Gandhi, Chairperson of the United Progressive Alliance (UPA) and the President of Indian National Congress. The Prime Minister of Nepal also visited Rajghat and paid homage to the memory of Mahatma Gandhi. An interaction with the Indian business community was jointly hosted by ASSOCHAM, CII and FICCI in honour of the visiting dignitary. During his stay in India, the Prime Minister is visiting Bangalore from September 17-18, 2008.

3. The Prime Minister of India extended a warm welcome to the Prime Minister of Nepal as the first Prime Minister of Federal Democratic Republic of Nepal. The two Prime Ministers expressed satisfaction at the age-old close, cordial and extensive relationships existing between Nepal and India. Both Prime Ministers expressed their support and cooperation to further consolidate the relationship in the days ahead.
4. The talks were held in an atmosphere of utmost cordiality and warmth. They shared their views and assessment of the situation. The two Prime Ministers acclaimed the importance of peaceful, political, democratic transformation of historic significance in Nepal.
5. The Prime Minister of Nepal appreciated the positive support extended by the people and the Government of India throughout the peaceful political democratic transformation in the country.
6. The Government of India expressed full support to the peaceful, political, democratic transition in Nepal.
7. Both leaders recognized the historic changes that have taken place in Nepal with the elections to the Constituent Assembly and the declaration of the Federal Democratic Republic of Nepal according to the wishes of the people of Nepal.
8. The Prime Minister of Nepal stressed that following the Constituent Assembly elections, bringing the peace process to a logical conclusion, writing a new Constitution and accelerating the pace of economic development are the main priorities of the Government of Nepal in the days ahead.
9. The two sides felt the need to inject new dynamism into the relations between the two countries for a forward looking change in tune with the realities of the time as well as the wishes and aspirations of the people of both the countries.
10. Both sides agreed to reactivate the existing bilateral mechanisms in the evolving context.
11. Both sides noted that the multi-faceted and deep-rooted relationships between the two countries needed further consolidation and expansion in a forward-looking manner to better reflect the current realities. It was in this broader context that the two Prime Ministers agreed to

- review, adjust and update the 1950 Treaty of Peace and Friendship and other agreements, while giving due recognition to the special features of the bilateral relationship. A High-Level Committee at the level of Foreign Secretaries will be set up for this purpose.
12. The Nepalese side informed that the Government of Nepal will take further necessary measures for the promotion of investor friendly, enabling business environment to encourage Indian public and private sector investments in Nepal.¹³ Both sides agreed to enhance cooperation in handling cross-border crime and security concerns. Home Secretaries will meet soon to implement this decision.
 14. Government of India will continue to assist the Government and the people of Nepal in its peaceful, democratic transition; its economic development and reconstruction. The areas of assistance would include infrastructure, human resource development, health and education.
 15. Both sides expressed concerns over the large-scale damage caused by the breach of embankment by the river in the Koshi barrage area and decided to launch relief and rehabilitation measures for the victims and the reconstruction of the damaged infrastructure, and other measures as per the agreements, immediately, and take up preventive measures to avoid the recurrence of such events in the long-term. They decided to take up preventive measures for the Gandak and other barrages under existing bilateral arrangements. Likewise, the two sides also discussed the problem of inundation in the border areas between Nepal and India and agreed to take up necessary work for its effective prevention on the basis of bilateral consultation.
 16. The Government of India will provide Rs. 20 crores as immediate flood relief to the people in Nepal. The Government of India will also rebuild the segments of the East-West Highway, damaged in the recent Koshi floods.
 17. Both sides agreed that the Government of India will set up a camp office in Biratnagar for facilitating movement of Nepali vehicular traffic through Bihar for improved access to other parts of Nepal till the Highway is repaired.
 18. A three-tier mechanism at the level of Ministerial, Secretary and technical levels will be established to rationalize and raise the efficacy

of the existing bilateral mechanisms in order to push forward discussions on the development of water resources in a comprehensive manner, including hydro-power generation, irrigation, flood control and other water related cooperation. The Secretaries will meet in two weeks.

19. The two Prime Ministers directed the Inter-Governmental Committee (IGC) at the level of Commerce Secretaries to meet in one month to initiate a comprehensive review of the existing trade and transit arrangements with a view to promoting industrialization in Nepal, expanding complementarities of bilateral trade on a sustainable basis and removing the barriers to trade.
20. Both sides agreed to further enhance the pace of economic development between the two countries by extending support for the preparation and execution of mega projects, including infrastructure development such as road, rail and hydel-power projects. As a gesture of goodwill of the Government and people of India, Government of India agreed to implement the Naumure Hydro-electric Project on Rapti river.
21. In view of the shortages felt in Nepal for the essential commodities, the Government of India will remove bans on the export of rice, wheat, maize, sugar and sucrose for quantities agreed with Nepal. The Government of India will also provide a credit of up to Rs. 150 crores to the Government of Nepal for the next three months to ensure uninterrupted POL supplies to Nepal.
22. The Prime Minister of Nepal extended an invitation to the Prime Minister of India to pay an official visit to Nepal at an early date. The Prime Minister of India accepted it with pleasure. The date of the visit will be decided through the diplomatic channel.

New Delhi,
September 17, 2008

Joint Statement on Official Visit of Rt. Hon'ble Girija Prasad Koirala, Prime Minister of Nepal, to India (June 6-9, 2006)

1. Rt. Hon'ble Girija Prasad Koirala, Prime Minister of Nepal, paid an official visit to India from June 6-9, 2006 at the invitation of His Excellency Dr. Manmohan Singh, Prime Minister of India. The Prime Minister of Nepal was accompanied by Hon'ble Mr. Gopal Man Shrestha, Minister for Physical Planning & Works, Hon'ble Mr. Mahantha Thakur, Minister for Agriculture and Cooperatives, Hon'ble Dr. Ram Sharan Mahat, Minister for Finance, Hon'ble Mr. Rajendra Prasad Pandey, Minister for Local Development, Hon'ble Ms. Urmila Aryal, Minister of State for Women, Children and Social Welfare and Advisor to the Prime Minister on Foreign Affairs, Dr. Suresh Chandra Chalise. The delegation also included senior officials of the Government of Nepal, a business delegation and a delegation of media representatives.
2. During his visit, the Prime Minister of Nepal visited Rajghat and paid homage to the memory of Mahatma Gandhi. The Prime Minister called on His Excellency the President of India, Dr. A.P.J. Abdul Kalam and on His Excellency the Vice President of India, Shri Bhairon Singh Shekhawat, who hosted a dinner in his honour. The Prime Minister of Nepal had a meeting with the Prime Minister of India, which was followed by delegation-level talks, led by the two Prime Ministers, on issues of mutual interest and concern. The Prime Minister of India hosted a dinner in honour of the Prime Minister of Nepal. Minister of Defense Shri Pranab Mukherjee, Minister of Home Shri Shivraj Patil, and the leader of Opposition in the Lok Sabha Shri L.K. Advani called on the Prime Minister of Nepal. The Prime Minister of Nepal had a meeting with the Chairperson of United Progressive Alliance (UPA) and the President of Indian National Congress, Smt. Sonia Gandhi as well as former Prime Minister Shri Chandra Shekhar.

3. The talks were held in an atmosphere of utmost cordiality and warmth. The two Prime Ministers shared their views and assessments of the situation in both the countries. They agreed that the restoration of democracy in Nepal provided a historic opportunity for a qualitative enhancement of bilateral relations between the two countries, which rest on age-old social, economic and cultural ties; shared faith in democracy, freedom and the rule of law; and pursuit of peace, stability and prosperity. They reaffirmed their commitment to imparting a new dimension and dynamism in their relations based on the principles of peaceful coexistence, sovereign equality, territorial integrity, mutual respect and understanding.
4. The Prime Minister of India extended a warm welcome to Prime Minister Girija Prasad Koirala as the leader of democratic forces and conveyed his best wishes for his good health and continued leadership, as he leads Nepal at an important juncture in its history. He described the visit as being of great historical significance. He applauded the extraordinary courage and achievements of the people of Nepal in their successful struggle for restoration of multi-party democracy and commitment towards institutionalising it. The Prime Minister of India commended the recent initiatives taken by the Government of Nepal to bring about peace, stability and return to the path of economic recovery.
5. The Prime Minister of India reiterated that as a close friend and a neighbour, India wishes to see a stable, peaceful, democratic and prosperous Nepal. He offered India's full support to the Government of the Seven-Party-Alliance under the leadership of Rt. Hon'ble G.P. Koirala, Prime Minister of Nepal, and to the people of Nepal in their quest to achieve these goals, and expressed confidence in their ability to overcome the challenges that lie ahead.
6. The Prime Minister of Nepal conveyed the appreciation of the people of Nepal to the people and the Government of India for the support extended to them in their peaceful struggle for restoration of democracy.
7. The Prime Minister of India appreciated the initiatives taken by the Prime Minister of Nepal to consolidate the achievements of the People's Movement by finding a peaceful solution to the armed conflict, restoring political stability and moving towards economic reconstruction for the welfare of the people of Nepal. The two Prime

Ministers agreed that the success of democracy lay in creating an atmosphere free from violence and coercion, and respect for the rule of law.

8. The Prime Ministers acknowledged the vital importance of accelerating economic rehabilitation and development in Nepal. The Prime Minister of India conveyed India's readiness to render all possible assistance to Nepal in that direction, in accordance with the priorities and wishes of the Government of Nepal. The Prime Minister of Nepal expressed appreciation to the Government of India for their generous cooperation in the socio-economic development of Nepal.
9. In this context, the two Prime Ministers agreed to enhance the India-Nepal development partnership for expanding rural and economic infrastructures, developing education and healthcare facilities, and building human resources in Nepal. The Prime Ministers agreed to revive bilateral initiatives and mechanisms existing between the two countries in the areas of socio-economic cooperation.
10. The Government of India expressed its readiness to:
 - (a) Expedite progress on long-term mega infrastructure projects in the areas of roads, railway linkages, border infrastructure, water resources and construction of an oil pipeline, Special Economic Zone, airports upgradation, and other areas to be mutually agreed upon by the both governments.
 - (b) Extend immediately a one-time grant of IRs. 100 crore to the budget of Government of Nepal.
 - (c) Offer a soft credit line of US\$ 100 million for the execution of infrastructure development projects as prioritised by the Government of Nepal.
 - (d) Enhance its 'Aid to Nepal' budget for the current financial year from IRs. 65 crore to IRs. 150 crore annually.
 - (e) Waive the dues outstanding as on date owed by the Government of Nepal to the Government of India on account of defense purchases.
 - (f) Arrange immediately supply of 25,000 metric tons of fertilizers to Nepal at subsidized prices.
 - (g) Grant exemption to all exports of goods manufactured in Nepal into India from the 4% Additional Duty of Customs.

- (h) Accelerate the release of all funds to Nepal under the Duty Refund Procedure Scheme.
 - (i) Double the number of scholarships provided by the Government of India for Nepalese students, including for girls.
 - (j) The Indian Oil Corporation will work out with Nepal Oil Corporation modalities for rescheduling the dues owed to it on account of oil supplies.
11. The Prime Ministers agreed that there would be early follow up to implement the above decisions so as to ensure that the benefits reach the people of Nepal, and economic cooperation between India and Nepal is further strengthened for mutual benefit.
12. The Prime Minister of Nepal extended an invitation to the Prime Minister of India to pay an official visit to Nepal at an early date. The Prime Minister of India accepted the invitation with pleasure. The visit will take place at a mutually convenient date.

Joint Statement on Official Visit of Rt. Hon'ble Sher Bahadur Deuba, Prime Minister of Nepal to India New Delhi (September 8-12, 2004)

1. Rt. Hon. Mr. Sher Bahadur Deuba, Prime Minister of Nepal, paid an official working visit to India from September 8-12, 2004, at the invitation of His Excellency Dr. Manmohan Singh, Prime Minister of India. The visiting delegation included Hon. Dr. Mohammad Mohsin, Minister for Information and Communications, Hon. Mr. Badri Prasad Mandal, Minister for Forest and Soil Conservation, Hon. Mr. Ishwar Pokhrel, Minister for Industry, Commerce and Supplies, Hon. Mr. Thakur Prasad Sharma, Minister of State for Water Resources and Hon. Dr. Prakash Sharan Mahat, Minister of State for Foreign Affairs. The delegation also included officials of His Majesty's Government of Nepal, a business delegation and a delegation of media representatives. Prime Minister Deuba was also accompanied by his wife, Dr. Arzu Deuba.
2. The Prime Minister of Nepal called on His Excellency the President of India, Dr. A.P.J. Abdul Kalam. He had a meeting with the Prime Minister of India, which was followed by talks and luncheon hosted by the Prime Minister of India. Minister of External Affairs Shri K. Natwar Singh, Minister of Defense Shri Pranab Mukherjee, Minister of Home Affairs Shri Shivraj Patil, Minister of Railways Shri Lalu Prasad Yadav, Minister of Water Resources Shri Priyaranjan Dasmunsi, and the Leader of the Opposition in the Lok Sabha Shri L. K. Advani called on the Prime Minister of Nepal. The Prime Minister of Nepal met the Chairperson of UPA and President of Indian National Congress, Smt. Sonia Gandhi as well as former Prime Ministers Shri Chandra Shekhar, Shri H.D. Deve Gowda and Shri A. B. Vajpayee. He also addressed a business meeting organized jointly by the Confederation of Indian Industry and Federation of Indian Chambers of Commerce and Industries.

3. The two Prime Ministers held wide-ranging discussions in an atmosphere of warmth, friendship, openness and mutual confidence, characteristic of the relationship between the two countries. They expressed satisfaction at the progress made in various areas of cooperation between India and Nepal and reiterated the commitment to further develop bilateral relations in the spirit of equality and mutual respect.

Combating Terrorism/Security Cooperation

4. The Prime Ministers reiterated the determination of the two countries in combating the scourge of terrorism. They agreed to further intensify cooperation in curbing the activities of the extremists and terrorists. In this context, they expressed satisfaction at the ongoing cooperation under the existing mechanism in the areas of supply of equipment, training and exchange of information. Prime Minister Deuba thanked the Government of India for the timely and substantive support provided by India in Nepal's efforts to deal with the Maoist insurgency. Prime Minister Dr. Manmohan Singh reassured the support of the Government of India for further strengthening of Nepal's security forces including the Nepal Police.
5. The Prime Ministers stressed the need for an early conclusion of the Extradition Treaty and Agreement on Mutual Legal Assistance on Criminal Matters and directed the Home Secretaries to take up the matter in their next meeting with a view to finalizing the documents. It was noted that the next meeting would take place in October 2004 in New Delhi.

Boundary Demarcation

6. The Prime Ministers expressed satisfaction at the progress made by the Joint Technical Level Boundary Committee and directed the Committee to complete the remaining mandated tasks by June 2005.

Economic Cooperation

7. The Prime Ministers expressed satisfaction at the progress on the implementation of various Nepal-India economic and development cooperation projects. They reiterated their desire to further deepen and diversify such cooperation.
8. The Prime Ministers welcomed the proposal regarding cooperation for development of road network in the Terai, including the development of identified stretches of Hulaki Rajmarg.

9. The Prime Ministers welcomed the idea of cooperation for conservation and development of Churia range in Nepal. A concept paper would be forwarded by the Nepalese side.
10. The Prime Ministers decided that the proposed Institute of Technology in the Far-Western Region of Nepal would be set up in two phases. A team from India will visit Nepal soon for discussions with His Majesty's Government of Nepal to select a suitable site for the project.

Water Resources

11. Emphasizing the importance of cooperation in the water resources sector, the two Prime Ministers stressed the need for expeditious progress on projects currently under active consideration including Pancheshwar and Upper Karnali. They also directed that work on the preparation of the DPR of Budhi Gandaki project be commenced expeditiously. The two Prime Ministers noted that the next series of meetings of bilateral institutional mechanisms including the meetings of the Joint Committee on Water Resources (JCWR) and the Joint Group of Experts on Pancheshwar would be held by October 2004. They welcomed the establishment of the Joint Project Office for Sapta Koshi Multipurpose Project and Sun Koshi Storage-cum-Diversion Scheme.
12. The Prime Ministers mandated the Joint Committee on Water Resources to prepare a comprehensive strategy for flood management and control, including measures that can be implemented in the short to medium term. The Prime Ministers directed the Standing Committee on Inundation Problems and the High Level Technical Committee to resolve all inundation and embankment related issues soon.

Trade, Transit and Investment

13. The Prime Ministers welcomed the operationalization of the Inland Container Depot and the opening of the Consulate General of India in Birgunj.
14. The Prime Ministers directed the concerned officials to discuss the matter related to the use of the ICD for carrying of cargo for bilateral trade.
15. They stressed the need for an early formalization and implementation of the Motor Vehicles Agreement.

16. The Prime Ministers directed the two sides to expeditiously resolve outstanding trade issues, including in removing some practical problems in the implementation of the Treaty of Trade and to implement agreed trade facilitation measures speedily. They decided to accord priority, in particular, to addressing issues relating to quarantine and testing procedure for Nepal's export of agricultural and food products, including Vanaspati Ghee.
17. The Government of India agreed to consider the utilization of Jawaharlal Nehru Port in Mumbai for Nepal's use of its transit cargo.
18. The Prime Ministers agreed to direct the concerned officials to finalize arrangements for improving border infrastructure at four major customs points, and for development and upgradation of rail and road networks on both sides.
19. The Prime Ministers welcomed the agreement between Bureau of Indian Standards and Nepal Bureau of Standards and Metrology as first step towards mutual recognition of certification systems.
20. The Prime Ministers welcomed the agreement between Indian Oil Corporation and Nepal Oil Corporation for a joint venture regarding construction of an oil pipeline between Raxaul (India) and Amlekhgunj (Nepal).
21. The Prime Ministers agreed to further strengthen the policy framework for bilateral investments, inter alia, through speedy conclusion of a Bilateral Investment Promotion and Protection Agreement.

Culture and Sports

22. The Prime Ministers welcomed the conclusion of the Agreement on Cooperation in the fields of Culture and Sports, which would provide the necessary framework for institutionalized cooperation in these areas.

Science and Technology

23. The Prime Ministers welcomed the conclusion of Memorandum of Understanding on Cooperation in the field of Weather Forecasting, which envisages the setting up of an INSAT Ground Receiving Station in Nepal.

1950 Treaty of Peace and Friendship

24. The Prime Ministers directed the Foreign Secretaries to continue discussion on the review of the 1950 Treaty of Peace and Friendship with a view to further strengthening the bilateral relations.

Invitation

25. Prime Minister Dr. Manmohan Singh accepted the invitation extended by Prime Minister Deuba for an official visit to Nepal at a convenient date.

New Delhi,

September 12, 2004

Joint Statement on Official Visit of Rt. Hon'ble Sher Bahadur Deuba, Prime Minister of Nepal to India, (March 20-25, 2002)

1. His Excellency Mr. Sher Bahadur Deuba, Prime Minister of Nepal, is paying an official goodwill visit to India from March 20-25, 2002 at the invitation of His Excellency Shri Atal Behari Vajpayee, Prime Minister of India. The Prime Minister of Nepal is accompanied by His Excellency Mr. Bijaya Kumar Gachhadar, Minister for Water Resources, His Excellency Mr. Purna Bahadur Khadka, Minister for Industry, Commerce and Supplies, Mr. Bhakta Bahadur Balayar, Minister of State for Science and Technology, His Excellency Mr. Arjun Jung Bahadur Singh, Minister of State for Foreign Affairs, a group of Parliamentarians, senior officials of His Majesty's Government of Nepal and business leaders. He is also accompanied by his wife, Dr. Arzu Deuba.
2. During his visit, the Prime Minister of Nepal visited Rajghat and paid homage to the memory of Mahatma Gandhi. The Prime Minister of Nepal called on the President and the Vice President of India. He had a meeting with the Prime Minister of India, which was followed by delegation-level talks, led by the two Prime Ministers, on bilateral and other issues of mutual interest. Ministers of Home Affairs, External Affairs, Defense, Commerce and Industry, Human Resource Development and Water Resources of the Government of India called on the Prime Minister of Nepal. The Prime Minister of Nepal also received the Leader of the Opposition, Lok Sabha. He also attended a business meeting organised jointly by the Confederation of Indian Industry and the Federation of Indian Chambers of Commerce and Industries. He will visit Kolkata where he will meet the Governor and the Chief Minister of West Bengal.
3. The wide-ranging discussions during the visit were held in an atmosphere of warmth and cordiality. During these discussions, the Prime Ministers of India and Nepal noted that the close, friendly and

time-tested relations between the peoples of the two countries, based on geographical proximity and traditional linkages, have been developing dynamically in all spheres. The Prime Ministers reiterated that further development of bilateral relations in a spirit of equality, mutual respect and partnership and on the basis of an enhanced level of mutual trust and cooperation remains a priority for both countries. They noted that a regular dialogue at various levels was required to widen and deepen the on-going bilateral cooperation for the mutual benefit of their peoples. The two countries would focus on a forward-looking and constructive agenda to meet the challenges of the 21st century in keeping with the changing realities of the times.

4. The Prime Ministers noted that in recent years, the ties between India and Nepal had been further strengthened by their shared commitment to multi-party democracy and reiterated their resolve to further consolidate democratic values and principles.

Joint Commission

5. The two Prime Ministers stressed the need to hold the meeting of the India - Nepal Joint Commission headed by the respective Foreign Ministers on a regular basis to oversee the entire gamut of bilateral relations and to provide the directives on measures to further strengthen them. The Commission would also review and rationalise the existing inter-governmental mechanisms.

Terrorism/Management of Border

6. The Prime Ministers reiterated the determination of the two countries to work closely in fighting the scourge of terrorism which was adversely affecting peace and stability in the region and was also impeding socio-economic development. They reiterated their opposition to the use of violence in the pursuit of political or ideological objectives. The Indian side condemned the widespread attacks by the Maoists in Nepal and reiterated its support for the steps taken by the Government of Nepal to maintain peace and security in the country. The Nepalese side deplored the brutal attack on the Indian Parliament on December 13, 2001 and expressed its support for India in its efforts to confront the challenge of terrorism. The Prime Ministers renewed the commitment of the two countries not to allow their respective territories to be used for activities inimical to the interest of the other. In pursuance of their shared objective of combating terrorism and cross-border crimes, the two Governments

agreed to intensify their ongoing cooperation and continue to work closely with each other.

7. The two Prime Ministers noted the outcome of the discussions held by the Home Secretaries of the two Governments in New Delhi from February 6-7, 2002 and stressed the need for expeditious implementation of the decisions taken during that meeting, including an early conclusion of the Agreement for Mutual Legal Assistance and updating the Extradition Treaty. The two Prime Ministers agreed on the need to prevent the misuse of the open border by terrorists, criminals and other undesirable elements and directed that cooperation in this regard be enhanced. Discussions on the management of the border would continue in the Joint Working Group on Border Management and between the two Home Secretaries.

Economic Cooperation

8. The two Prime Ministers emphasised the importance of working to deepen and widen bilateral economic co-operation. The Indian side reiterated its commitment to continue its association with the development efforts of Nepal.
9. The two Prime Ministers reviewed the progress on the implementation of various India-Nepal cooperation projects including those identified by the India-Nepal High Level Task Force.
 - i. B.P. Koirala Institute of Health Sciences: Noting the successful completion of the project in 1999, the two Prime Ministers directed that the conclusion of the proposed MoU between the Governments of India and Nepal on the Development of BPKIHS as a Center of Excellence be concluded within the next three months.
 - ii. Bir Hospital Expansion: Noting that a new plot of land had recently been identified by the Government of Nepal for this project, the two Prime Ministers directed that the Detailed Project Report should be completed expeditiously so that construction work on the project could commence within this year.
 - iii. Development of infrastructure at selected border check posts along India-Nepal border: The Prime Ministers noted that the Preparation of the Feasibility Study for the project relating to

development of infrastructure at four important border customs and check posts namely Raxaul-Birgunj, Sunauli-Bhairahawa and Jogbani-Biratnagar and Rupehdia-Nepalgunj, would be completed by end-April and directed that the two sides finalise the prioritized projects and work out an implementation schedule at an early date.

- iv. Launching of jointly-developed pilot projects in Nepal in the field of rural and community development - The Prime Ministers noted with satisfaction that the Project for electrification of two remote villages - Sarang Danda of Panchthar District in Eastern Nepal and Ankhale, Gulmi District in Western Nepal using Solar Photovoltaic energy had progressed and the supply of material and equipment had started.
 - v. Tanakpur-Mahendranagar Link Road- Noting that the Detailed Project Report and the cost estimates for the project had been completed, the two Prime Ministers directed that all other formalities be completed in a time bound manner to facilitate early commencement of work.vi. Setting up an Institute of Technology in Nepal – It was agreed that an Institute of Technology would be established at an appropriate location in far-western Nepal and modalities in regard to the project would be worked out expeditiously to facilitate early commencement of work on the project.
10. The two Prime Ministers agreed that the Government of India would undertake the Feasibility Study of the East-West Railway in Nepal under the framework of bilateral cooperation.
 11. The two Prime Ministers directed that necessary formalities be completed to facilitate forward movement on the laying of an Optical Fibre Cable Network along the East -West Highway in Nepal.

Trade, Transit and Investment Links:

12. The two Prime Ministers noted with satisfaction that the India-Nepal Trade Treaty had been renewed for a period of five years till March 5, 2007 with mutually agreed amendments to the Protocol to the Treaty without changing the basic framework of the Treaty. They expressed the hope that the new Treaty would pave the way for increased bilateral trade and encourage the pace and process of

industrialisation in Nepal. The Nepalese side requested that various taxes and levies imposed prior to the renewal of the Trade Treaty may be reviewed.

13. The two sides agreed to expeditiously conclude a Bilateral Investment Promotion and Protection Agreement (BIPA) which would provide a framework for the promotion of Indian investment in Nepal.
14. Both sides agreed to resolve, as early as possible, the difficulties faced in Nepalese exports to India of agricultural and primary products because of the quarantine regulations in India. Both sides also agreed to expedite the setting up of testing facilities at Gorakhpur and Raxaul, as agreed earlier, so as to facilitate Nepalese food exports to India. The Nepalese side also requested that similar facilities be established at other major border trading routes between the two countries.
15. The Prime Ministers directed that within the next two months, the two sides should hold negotiations and conclude the bilateral Agreement on the operationalisation of the Birgunj-Raxaul Rail Link and the Inland Container Depot (ICD) at Birgunj.
16. The Prime Ministers also directed that the two sides hold negotiations and conclude the Agreement on the Trans-Border Movement of Motor Vehicles within the next two months.
17. It was reiterated that, as earlier agreed, imports of Indian vehicles into Nepal under Nepal's new emission norms would be permitted on the basis of self-certification by Indian vehicle manufacturers based on type approvals. The Nepalese side conveyed that the necessary notifications in this regard would be issued at the earliest.
18. The Prime Ministers directed that the Inter-Governmental Committee on Trade, Transit and Unauthorised Trade, headed by the Commerce Secretaries of the two Governments, be convened regularly to review and consolidate trade and economic cooperation.

Water Resources

19. The two Prime Ministers noted that the vast potential for development of hydro electricity in Nepal and the projected demand for power in India in the coming decades offered rich opportunities for cooperation to bring about rapid and environmentally sustainable economic growth on both sides of the border.

20. The Prime Ministers reiterated that the implementation of the Mahakali Treaty would be given high priority. In this context, the two Prime Ministers directed the two sides to complete the joint Detailed Project Report of Pancheshwar Project as per the revised schedule by June 2002 and jointly work out a Plan of Action towards the early commencement of work on the Project.
21. On the Sapta Koshi - Sun Koshi Project, the Prime Ministers stressed the need to set up the Joint Project Office expeditiously and commence work on the preparation of the Detailed Project Report at the earliest.
22. The two Prime Ministers emphasised the importance of the role of the Joint Task Force on Flood Control and Forecasting in working towards joint preventive measures. It was also agreed that there should be close consultations between the concerned authorities of the two Governments regarding flood control structures and that preparation of a Master Plan on Flood forecasting should be jointly worked out by the two sides.
23. The Nepalese side raised the problems of inundation in Rupandehi and Banke districts. The two Prime Ministers directed the two sides to undertake a joint survey at the level of Chief Engineers to clarify the facts on the ground and work out agreed proposals by the end of April 2002 and undertake necessary measures before this coming monsoon so that there would be no adverse effects on the lives and livelihood of people on either side of the border. With regard to inundation in Banke, the decisions taken earlier by the Joint Committee on Water Resources would also be taken into consideration.
24. The two Prime Ministers directed that the second meeting of the Joint Committee on Water Resources, headed by the Water Resources Secretaries of the two Governments be held immediately. They further directed that the Committee should meet at least once in every six months in future to discuss and resolve all important issues relating to Water Resources and regularly monitor progress.

Cooperation in Science and Technology

25. The two Prime Ministers noted with satisfaction that the Agreement of Cooperation in the field of Science and Technology would provide the necessary framework for the ongoing and future cooperation in

this area and would be of mutual benefit to both countries. They agreed that the opportunities which this Agreement would open up should be fully utilised by both sides for the benefit of the peoples of the two countries.

Cooperation in Human Resource Development

26. Taking note of traditional links between India and Nepal in the field of human resource development, the two Prime Ministers noted that cooperation in this key sector would be further streamlined and strengthened.

Boundary Demarcation

27. The two Prime Ministers noted the importance of a scientifically demarcated alignment of the international boundary between India and Nepal. They reviewed the progress in the work of the Joint Technical Level Boundary Committee and directed the Committee to complete its task by 2003. The two Prime Minister reiterated that, in case the Committee was unable to reach mutually acceptable agreement on certain specific segments of the boundary despite its best efforts, detailed reports on these pockets, including a compilation of the available evidence, would be submitted to the two Governments for their consideration. The Prime Ministers also directed the Joint Working Group of the Joint Technical-Level Boundary Committee to expeditiously complete its examination of the facts relating to the alignment of the boundary in the western sector, including the Kalapani area, and in other pockets, where there were differences in perceptions of the two sides.

1950 Treaty

28. The Prime Ministers noted that in accordance with the earlier decision that the Foreign Secretaries of India and Nepal undertake a review of all issues pertaining to the 1950 Treaty, the two Foreign Secretaries had held their first round of discussions in January 2001 and had agreed to continue their discussions.

Indian Teachers in Nepal

29. In response to the request made by the Indian side for the regularisation of the services of Indian school and college teachers employed in Nepal, the Nepalese side assured that the decision was under consideration by His Majesty's Government of Nepal.

Consulate General of India at Birgunj

30. Responding to the long-standing Indian request for the setting up of the Consulate General of India at Birgunj, the Nepalese side informed that the request would be considered by His Majesty's Government of Nepal.

Invitation

31. The Prime Minister of Nepal invited the Prime Minister of India to pay an official visit to Nepal at an early date. The invitation was accepted with pleasure. The dates of the visit would be decided through diplomatic channels.

New Delhi,
March 23, 20 02

Joint Statement on Official Visit of Rt. Hon'ble Girija Prasad Koirala, Prime Minister of Nepal to India (July 31 to August 6, 2000)

1. His Excellency Mr. Girija Prasad Koirala, Prime Minister of Nepal, is paying an official goodwill visit to India from July 31 to August 6, 2000 at the invitation of His Excellency Shri Atal Behari Vajpayee, Prime Minister of India. The Prime Minister of Nepal is accompanied by His Excellency Mr. Chakra Prasad Bastola, Minister of Foreign Affairs and senior officials of His Majesty's Government of Nepal. He is also accompanied by his daughter, Ms Sujata Koirala.
2. During his visit, the Prime Minister of Nepal visited Rajghat and paid homage to the memory of Mahatma Gandhi. The Prime Minister of Nepal called on the President and the Vice President of India. He had a meeting with the Prime Minister of India, which was followed by delegation-level talks, led by the two Prime Minister, on bilateral and other issues of mutual interest. Ministers of Home Affairs, External Affairs, Defense, Finance, Human Resource Development and Water Resources of the government of India called on the Prime Minister of Nepal. The Prime Minister of Nepal also received the Deputy Chairman of the Planning Commission and the leader of the Opposition, Lok Sabha. He also attended a business meeting organized by the Confederation of Indian Industry. He also attended a business meeting organized by the Confederation of Indian Industry. He will visit Hyderabad where he will attend a dinner hosted by the Governor of Andhra Pradesh, visit the Hi-tech City. Interact with leaders of business and industry and among luncheon meeting hosted in his honour by the Federation of the Indian Chambers of Commerce and Industries.
3. The wide-range discussions during the visit were held in an atmosphere of warmth and cordiality. During these discussions, the Prime Ministers of India and Nepal noted in age-old and traditional friendship between the people of the two countries based on the

enduring bond of history, geography and shared social and cultural values had been reinforced in recent times and bilateral cooperation expanded to embrace new areas of economic and developmental activities. The Prime Minister reiterated the commitment of their Government to further strengthen the close and friendly relations between the two countries. In a spirit of equality, mutual respect and partnership and on the basis of an enhanced level of trust and understanding, keeping the long-term perspective in mind. The two Prime Ministers were convinced that a regular dialogue at various levels were required to continuously explore new avenues of cooperation and implementation of understandings reached in the past and avoid complacency. In the new millennium, the two countries must constantly nurture and upgrade their partnership which derived sustenance from traditional link and shared values.

4. In the present context of increasing globalization and the communication revolution and the fast changes that have taken place at the national, regional and global levels the two Prime Ministers were convinced that the agenda of partnership in the 21st century must focus on expanding mutually beneficial and future-oriented operations. The two Prime Ministers agreed that the institutional mechanism for dialogue and interactions in existence over the past 50 years be reviewed and rationalized in the context of the new millennium to set the tone for mature relations and cooperation in the decades ahead.
5. In pursuing cooperative relations in this new framework, the two Prime Ministers agreed to respect each other's sensitive issues and concerns and to address such issues that might arise from time to time in a constructive manner.
6. The two Prime Ministers noted that in recent years, the ties between India and Nepal had been reinforced by their shared commitment to multi-party democracy. They noted that their commitment to the consolidation and institutionalization of democratic values and principles had given the bilateral relations a new dynamism.

Joint Commission

7. It was agreed that the first meeting of the revived India-Nepal Joint Commission would be convened during the forthcoming visit of the External Affairs Minister of India to Nepal. The Joint Commission would act as an umbrella body at the level of Foreign Ministers to

oversee the entire gamut of bilateral relations and to provide directives on measures to further strengthen them. It would also review and rationalize the existing Inter-Governmental Mechanism.

Economic Cooperation

8. The two Prime Ministers noted with satisfaction that the work on the B.P. Koirala Institute of Health Sciences at Dharan, the 22-bridge project on the East-West Highway and the Maternal and Neo-natal Intensive Care units at Paropakar India Rajyalaxmi Maternity Hospital, Kathmandu had been successfully completed. They directed that the work on the India-Nepal cooperation projects under implementation, including finalization of the framework for continued cooperation on the B.P. Koirala Institute of Health Sciences at Dharan with the strengthening and extension of Indian faculty support to the Institute till October 2009, the 200-bed Emergency and Trauma Centre at Bir Hospital, Kathmandu. Raxaul-Sirsiya Rail Link Project and the Mahendranagar Tanakpur Link Road Project be expedited.
9. The Prime Ministers were apprised of the outcome of the Fifth meeting of the India-Nepal High Level Task Force, held in Kathmandu on 6-7 June, 2000. They endorsed the recommendations made by the High Level Task Force and directed that the following new projects be implemented expeditiously.
 - i. Cooperation between the two Governments in improving physical facilities and infrastructure at important border customs stations and check-posts, beginning with three major border crossings at Raxaul-Birgunj, Sunauli-Bhairahawa and Jogbani-Biratnagar;
 - ii. Cooperation in development of infrastructure, inducing transportation and communication links in the adjoining districts of Nepal and India;
 - iii. launching of jointly-developed pilot projects in Nepal in the field of rural and community development;
 - iv. Cooperation between the two Governments in jointly setting up a small or medium sized hydropower project in Nepal;
 - v. Cooperation in setting up an Export Processing Zone or Free Trade Zone close to the Inland Container Depot being developed at Birgunj;

- vi. Cooperation in developing the dairy industry in Nepal with involvement of the National Dairy Development Boards of India and Nepal; and;
- vii. Cooperation in the establishment of a Technology Institute in Nepal as a partnership project, with information technology being one of its key components.

Trade, Transit and investment Links

10. The two Prime Ministers noted with satisfaction that the India-Nepal Trade Treaty of December 1996 and the Transit Treaty of January 1999 had contributed to the expansion of trade and economic cooperation between the two countries and in facilitating Nepal's transit through India. During the visit, views were exchanged on some practical problems which had emerged during the implementation of these Treaties; particularly on the Special Additional Duty, definition of "manufacturing", issues of mis-declaration, facilitating access of Nepalese food products into the Indian market and certification procedures for import of Indian vehicles under Nepal's new emission norms.
11. It was agreed that exports from Nepal to India would be exempted from the levy of Special Additional Duty on customs. It was also agreed that imports of Indian vehicles into Nepal under Nepal's new emission norms would be permitted on the basis of self-certification by Indian vehicle manufactures based on type approvals.
12. The Indian side conveyed that testing facilities were being set up at Gorakhpur and Raxual, which would help to streamline procedures for Nepalese food exports to India. The Indian side also agreed to assist in upgrading the testing facilities in Nepal.
13. Both the Prime Ministers directed that the Inter-Governmental Committee on Trade, Transit and Unauthorised Trade, headed by the Commerce Secretaries of the two Governments, be convened soon to effectively address the remaining issues in a constructive manner and to take steps to promote trade and economic links between Nepal and India.
14. The Prime Ministers noted with satisfaction that initiatives taken in recent years, including the conclusion of the trade treaty with its provision for preferential entry of Nepalese manufactures into the Indian market and liberalization of procedures for Indian rupee

investments in Nepal, had led to increased investment by Indian companies in Nepal. The two sides agreed to facilitate expansion of the industrial production base in Nepal, including through enhanced participation of the private sector. With this objective, it was agreed to conclude a Bilateral Investment Protection and Promotion Agreement (BIPA) at the earliest.

15. The two Prime Ministers also directed that the conclusion of a bilateral Agreement on Trans-Border Movement of Motor Vehicles be expedited.
16. Noting that the Bureau of Indian Standards (BIS) and the Nepal Bureau of Standards and Metrology (NBSM) have had preliminary exchanges on cooperation in the field of standards; the two Prime Ministers observed that this would be desirable for further promoting bilateral trade and investment.

Water Resources

17. The two Prime Ministers noted that the huge potential for development of hydropower resources in Nepal and the projected demand for power in India in the coming decades offered rich opportunities for cooperation to bring about rapid, environmentally sustainable economic growth on both sides of the border. However, the process of achieving concrete results had been relatively slow and needed to be accelerated. The Prime Ministers directed that a Joint Committee on Water Resources, headed by the Water Resources Secretaries of the two Governments, be set up to discuss all important issues pertaining to cooperation in the water resources sector, including implementation of existing agreements and understandings. The Joint Committee, which would meet at least once in every six months, would also oversee the work of all technical and expert-level committees and groups in this field.
18. The Prime Ministers reiterated that the implementation of the Mahakali Treaty would be given high priority. They directed that the remaining investigations and studies be completed as per the schedule agreed upon by the Joint Group of Experts level committees and groups in this field.
19. On the Sapta Koshi High Dam and Sun Koshi-Kamala Diversion Projects, the two Prime Ministers agreed that the ongoing process be expedited.

20. The two Prime Ministers directed that the Joint Task Force on Flood Control and Forecasting be set up immediately to review cooperation in a comprehensive manner and give its recommendations to the two Governments. It was also agreed that there would be close consultation between the concerned authorities of the two Governments regarding flood control structures, which may cause damage to life and property in the adjoining border districts of India and Nepal. Responding to the Nepalese concern of Inundation in the Banke District of Nepal, the Indian side assured that measures were being taken to ensure that the flood control embankment constructed in the Indian side would not cause inundation in the adjoining regions of Nepal and that the situation in this regard would be mentioned jointly and necessary action taken.

Cooperation in Science and Technology

21. The two Prime Ministers noted that an Agreement of Cooperation in Science and Technology would be concluded shortly.

Cooperation in Information Technology

22. In response to a request received from the Nepalese side, the Indian side agreed to extend their cooperation in the development of information technology in Nepal. It was agreed that a Technology Institute would be established in Nepal as an India-Nepal partnership project, with information technology as the key thrust area. Other avenues of cooperation in this vital sector would be identified through mutual consultations.

Cooperation in Human Resource Development

23. Taking note of traditional links between India and Nepal in the field of human resource development, the two Prime Ministers agreed that the cooperation in this key sector must be reinforced. This would include, inter alia, the continuing involvement of India, both at the Governmental level as well as through the private sector, in development of institutions of higher learning and technical studies in Nepal. The Indian side noted the concern expressed by the Nepalese side regarding the high fee structure for the Nepalese students for pursuing higher education in India and assured that necessary measures would be taken to address the problem.

Cooperation in Conservation of Cultural Heritage

24. Noting that India and Nepal shared a rich cultural heritage and there were a large number of cultural sites which were of importance to

the peoples of the two countries, the two Prime Ministers agreed that joint efforts, both at Governmental and non-Governmental levels, to conserve such cultural heritage sites would be mutually beneficial and that the possibility of setting up a Cultural Foundation would be explored.

Boundary Demarcation

25. The two Prime Ministers reviewed the progress in the work of the Joint Technical Level Boundary Committee and directed the Committee to complete its field work by 2001-2002 and final preparation of strip maps by 2003. The Committee was also directed that in case it was unable to reach mutually acceptable agreement on certain specific segments of the boundary despite its best efforts, detailed reports on those pockets, including a compilation of the available evidence, would be submitted to the two Governments for their consideration. The Prime Ministers also directed the Joint Working Group of the Joint Technical-Level Boundary Committee to expeditiously complete its examination of the facts relating to the alignment of the boundary in the western sector, including the Kalapani area, and in other pockets, where there were differences in perceptions of the two sides.

1950 Treaty

26. The Prime Ministers directed the Foreign Secretaries to undertake a review of all issues pertaining to the 1950 Treaty. The Foreign Secretaries would meet within six months.

Terrorism/Management of Border

27. The Prime Ministers reiterated the determination of the two countries to work closely and fight the scourge of terrorism. They renewed the commitment of the two countries not to allow their respective territories to be used for activities directed against or prejudicial to the security of the other. In pursuance of their shared objective of combating terrorism and cross-border crimes, the two Governments agreed to devise effective modalities and measures to strengthen their existing cooperation in this regard.
28. The two Prime Ministers were apprised of the outcome of the discussions held by the Home Secretaries of the two Governments in Kathmandu from July 5-7, 2000. Expressing their satisfaction at the progress made in those discussions, they directed the Home

Secretaries to meet regularly to review and expand the cooperation between the concerned law enforcement and security agencies of India and Nepal.

29. While expressing the determination of the two Governments to preserve the mutually beneficial open interaction between the nationals of the two countries across the border, the Prime Ministers agreed on the need to prevent the misuse of open border by terrorists, criminals and other undesirable elements. They directed that cooperation in this regard be stepped up. Discussions on the management of the border would continue in the Joint Working Groups on Border management as well as in talks between the two Home Secretaries.

Indian Teachers in Nepal

30. In response to the request made by the Indian side for the regularization of the services of Indian school and college teachers employed in Nepal, the Nepalese side assured that the decision taken by His Majesty's Government in 1998 in this regard would be implemented.

Consulate General of India at Birgunj

31. Responding to the long-standing Indian request for the setting up of the Consulate General of India at Birgunj, the Nepalese side informed that the request was under consideration of His Majesty's Government.

Invitation

32. The Prime Minister of Nepal invited the Prime Minister of India to pay an official visit to Nepal at an early date. The invitation was accepted with pleasure. The dates of the visit would be decided through diplomatic channels.

August 03, 2000

Joint Statement on Official Visit of His Excellency Inder Kumar Gujral, Prime Minister of India to Nepal (June 5-7, 1997)

1. His Excellency, Shree Inder Kumar Gujral, Prime Minister of India, paid an official goodwill visit to Nepal from June 5-7, 1997 at the invitation of the Rt. Hon. Prime Minister of Nepal, Lokendra Bahadur Chand. He was accompanied by his spouse Smt. Shiela Gujral, Minister of State for Power Dr. S. Venugopalachari, Minister of State Smt. Kamala Sinha and senior officials of the Government of India.
2. During the visit, the Prime Minister of India was received in audience by His Majesty the King of Nepal. He held meetings with the Prime Minister of Nepal, and with the leaders of the main political parties. He laid a wreath at the Martyrs Memorial in Kathmandu, following which a Civic Reception was given by the citizens of Kathmandu. The Prime Minister of India laid the foundation stone of the "Emergence and Trauma Centre" to be constructed at Bir Hospital, with assistance from India. He also addressed the Nepal Council of World Affairs. The two Prime Ministers attended a luncheon hosted by the Federation of Nepalese Chambers of Commerce and Industries and Nepal-India Chamber of Commerce. Confederation of Indian Industries and Nepal-India Chamber of Commerce.
3. The discussions were held in an atmosphere of close cordiality reflecting the warm friendship and the excellent relationship between the two countries. The vital contribution of the age-old contacts between the peoples of India and Nepal was recognized and emphasized. The Prime Ministers expressed confidence that the links between the two nations would scale new heights in the twenty first century keeping in mind the aspirations of the future generations. In the course of the discussions a number of far-reaching decisions were taken to elevate the bilateral relationship between the two vibrant democracies, to a qualitatively new level determined by the bonds of history and the will of the peoples. Both sides noted with pleasure

- that the common desire to accelerate joint economic development and harness nature's bounty for the betterment of the lives of the citizens of both countries.
4. The two Prime Ministers noted with satisfaction that there was a similarity of views on bilateral matters and issues of mutual concern. They reiterated the adherence of the two Governments to the principles of sovereign equality, territorial, integrity, and national independence, non-use of force, non-interference in each other's internal affairs and peaceful settlement of issues. They reaffirmed their commitment to further strengthen and deepen the close and friendly relations between Nepal and India and expand the areas of co-operative endeavour. They also agreed to maintain regular contacts and hold discussions on all relevant issues at appropriate levels.
 5. The two Prime Ministers assisted by their senior officials, held delegation level talks on a number of subjects covering bilateral issues and other matters of mutual interest. These included the 1950 Treaty, border regulation and security, cooperation in water resources projects, trade, transit, and investments. They also exchanged views on the situation in the South Asian region, South Asian Association for Regional Co-operation and sub-regional cooperation. The following documents were signed in their presence:
 - (i) Power Trade Agreement;
 - (ii) Process Verbal for Exchange of Instruments of Ratification of the Mahakali Treaty;
 - (iii) Exchanged of letters on Raxaul Sirsiya rail link to be established with Indian assistance;
 - (iv) Exchange of letters on supply of medical equipment to Paropakar Hospital by India; and
 - (v) Memorandum of Understanding on Civil Aviation matters.

Security

6. The Prime Ministers of Nepal and India reiterated the determination of the two countries to work closely and fight the scourge of terrorism. The Prime Ministers directed their Home Secretaries to meet at the earliest to develop an understanding in this regard. They renewed their commitment not to allow their territories to be used for activities

directed against or prejudicial to the security of the other. They also desired that the meeting of the Joint Working Group on Border Management be held in the month of June 1997.

1950 Treaty

7. The two Prime Ministers directed that at the next meeting of the Foreign Secretaries, to be held in two months, all issues of bilateral interest, including issues related to 1950 Treaty, be discussed.

Trade and Transit

8. The two Prime Ministers expressed satisfaction at the renewal and modification of the bilateral Trade Treaty on December 3, 1996. They were encouraged by the increasing trend since the renewal of the Treaty and expressed confidence that bilateral trade would reflect the potential and capabilities of the two neighbours in the coming years.
9. The Nepalese side expressed its appreciation for the decision of the Government of India to liberalise conditions and simplify procedures for Indian Rupee investments in Nepal. The two sides agreed that this will contribute towards expansion of industrial production base in Nepal.
10. The Prime Minister of Nepal thanked the Prime Minister of India for accepting Nepal's request for an additional transit route to Bangladesh via Phulbari. They agreed that the modalities and working arrangement will be decided within the next two months. The new arrangements would be reviewed six months thereafter.
11. The Prime Minister of Nepal referred to the problems being faced by the Nepalese citizens working in India in remitting their earnings to their families, and requested the Indian side to permit the Nepalese banks to open their branches in investment and other economic activities between the two countries. The Indian side agreed to consider the request.

Water Resources

12. The two Prime Ministers expressed satisfaction over the exchange of Instruments of Ratification of the Treaty on the Integrated Development of the Mahakali River. They noted with satisfaction the Integrated Development of the Mahakali River. They noted with satisfaction the steps taken for the implementation of the Treaty

provisions, especially discussions at technical level regarding the various aspects related to preparation of the Detailed Report of the Pancheshwar project. The two Prime Ministers agreed that the Pancheshwar project be designed as a peaking power plant to maximise its net benefit. They directed their officials to continue their discussions and resolve the outstanding issues for the completion of the Pancheshwar Detailed Project Report within six months.

13. The two Prime Ministers directed their officials to take immediate action to finalise modalities for supply of power from Tanakpur to Nepal and for the development of necessary infrastructure for supply of water from Tanakpur and Sarada Barrages to Nepal. They also directed that construction of the Mahendranagar-Tanakpur Barrage Road be undertaken at the earliest.
14. The Prime Minister of Nepal drew the attention of the Prime Minister of India, to certain issues raised during the Joint Session of the Parliament of Nepal, at the time of Ratification of the Mahakali Treaty. The Prime Minister of India took note of the same. It was agreed that these issues would receive attention while the DPR for the Pancheshwar project is prepared.

River Navigation

15. The Prime Ministers of India and Nepal directed their officials to expedite a joint study of river navigation for promotion of tourism and for facilitating transportation of cargo.

Power Trade Agreement

16. The two Prime Ministers noted with satisfaction the signing of the Power Trade Agreement between Nepal and India, which aims at encouraging private sector participation in the development of hydro power projects in Nepal.

Civil Aviation

17. The two Prime Ministers expressed their appreciation at the signing of the Memorandum of Understanding on Civil Aviation matters, which they hoped, will facilitate significant growth in business and tourism between the two countries.

Consulate General of India at Birgunj

18. Noting that the renewal of the Trade Treaty has given an impetus to trade and economic links between India and Nepal, the Prime Minister

of India requested an early decision on the setting up of the Consulate General of India at Birgunj. The Prime Minister of Nepal agreed to consider the matter.

Indian Teachers in Nepal

19. The Prime Minister of India referred to the outstanding issue of regularization of the services of Indian school and college teachers, which had been, agreed to in 1991. Requesting a humanitarian approach, he sought an urgent resolution to the problem. The Prime Minister of Nepal agreed to consider the matter and respond at an early date.

Trafficking in Girl Child and Women

20. Prime Ministers of Nepal and India expressed their deep concern at this inhuman practice and directed their officials to evolve appropriate mechanisms to control it effectively.

Border Issues

21. The two sides directed the Joint Working Group (JWG) constituted by the Joint Technical Level Boundary Committee, to meet within a month to examine relevant facts relating to the demarcation of the boundary alignment in the western sector, including the Kalapani area, and to propose, if necessary, further measures in this regard.

High Level Task Force

22. The two Prime Ministers noted the progress in the implementation of the priority projects being undertaken in Nepal with Indian assistance and endorsed the recommendations of the Fourth HLTF meeting held in Kathmandu from May 31-June 1, 1997. On trade matters, they directed the officials of the two countries to finalise the issues within two months, after the exchange of relevant notes, as already agreed upon. To ensure timely and successful implementation of the projects, they agreed that the HLTF will meet in three months and as often as necessary thereafter.

Invitation

23. The Prime Minister of India extended an invitation to His Majesty the King of Nepal to pay a State visit to India at a mutually convenient time. The invitation was accepted with pleasure. He also invited the Prime Minister of Nepal to pay an official visit to India at an early date. The Prime Minister of Nepal gladly accepted the invitation. The dates for the visits would be decided through diplomatic channels.

Joint Statement on Official Visit of Rt. Hon'ble Sher Bahadur Deuba, Prime Minister of Nepal to India (February 11-17, 1996)

1. Rt. Hon'ble Sher Bahadur Deuba, Prime Minister of Nepal, paid an official goodwill visit to India from February 11 to 17, 1996 at the invitation of Shri P.V. Narasimha Rao, Prime Minister of India. The Prime Minister of Nepal was accompanied by Hon. Pashupati Shamsher J.B.S. Rana, Minister for Water Resources; Hon. Chakra Prasad Bastola, Minister for Tourism and Civil Aviation; Hon. Ram Sharan Mahat, Minister for Finance, Hon. Dr. Prakash Chandra Lohani, Minister for Foreign Affairs, Hon. Fatteh Singh Tharu, Minister for Commerce; and a number of Members of Parliament and Senior officials of His Majesty's Government and a delegation of business leaders.
2. During his visit, the Prime Minister of Nepal visited Rajghat, where he paid homage to the memory of Mahatma Gandhi. He was received by the President of India Dr. S. D. Sharma and had meetings with the Prime Minister, Shri P.V. Narasimha Rao. The Indian and Nepalese delegations led by the two Prime Ministers also met for detailed discussion and had separate meetings with their Indian counterparts. The discussions were marked by the sincerity, friendship and understanding which characterize the close relations between India and Nepal. During the wide ranging discussions, bilateral issues, the further development of India-Nepal relations, the situation in the Indian sub-continent and other issues of mutual interest were discussed.
3. The two leaders reiterated their commitment to further strengthening of close and friendly relations between India and Nepal. Both governments reiterated their adherence to the principles of sovereign equality, territorial integrity, national independence, non-use of force, non-interference in each other's internal affairs and peaceful settlement of all issues.

4. The two leaders reiterated their commitment to the promotion of close and friendly relations between India and Nepal and looked forward to a future where these close relations are further strengthened in new areas of co-operative endeavour. Their discussions also covered different aspects of bilateral relations, including the review of the Treaty of Peace and Friendship of 1950. They agreed to continue discussions on all relevant issues of bilateral interest at the appropriate level of the two countries.
5. Both India and Nepal expressed their determination to fight terrorism. To this end, both sides reiterated their commitment not to allow any activities on the territory of either country prejudicial to the security of the other.

Co-operation in Water Resources

6. The two Prime Ministers expressed their satisfaction at the conclusion of the Treaty on the Integrated Development of the Mahakali River, the implementation of which would bring significant benefits to both countries. They directed that every effort should be made to ensure progress towards implementation of the Treaty clauses and accompanying exchange of letters. The Treaty has also paved the way for possible investment and financing by private investors and lending agencies in Pancheswar Multi-purpose Project. Nepal and India should jointly make efforts to attract private investors and lending agencies for jointly agreed projects.
7. They discussed other projects under consideration between Nepal and India and directed that the meetings at the technical, experts and other levels as necessary, should be convened in regard to the Saptakoshi High Dam including Sunkoshi Diversion and Karnale Multi-purpose projects, and the Budhi Gandaki Hydro-electric Project to expedite progress in this regard.
8. The two sides expressed satisfaction at the initiation of the agreement between the two countries on Power Trade which would facilitate increased investment in the power sector in Nepal.

Trade

9. The two Prime Ministers reviewed the present status of bilateral trade and economic links between the two countries. They were heartened by the recent increases in bilateral trade as a result of preferential arrangements made since 1992 by the two governments. They agreed

that all possible steps should be taken in order to expand and diversify bilateral trade, facilitate Nepal especially with a view to strengthen Nepal's export capabilities to India and to third countries.

10. In this context, within the framework discussed in Kathmandu during the recent visit of the External Affairs Minister Shri Pranab Mukherjee and in view of the recommendations made by the Joint Task Force of the Confederation of Indian Industries and the Federation of Nepalese Chambers of Commerce and Industries, the two Prime Ministries on February 12, 1996 calling for the removal of the 50% labour and material content requirement based on a negative list, the two sides directed that officials from the two Ministries of Commerce should meet within the next few weeks to make specific recommendations.
11. The Nepalese side pointed out to a number of anomalies in the imposition of countervailing duty for Nepalese products in India. It was agreed that there would be an early meeting of the concerned officials to look into and remove such anomalies. India would also be prepared to consider specific measures aimed at enhancing Nepal's exports, such as assistance in setting up export oriented units/ export processing zones through joint ventures.

Transit

12. The two Prime ministers stressed the need to improve and upgrade the existing port and transit facilities for Nepal's trade in transit from/ to Kandla, Bombay and Calcutta and the facilities for quick transportation of containerized transit cargo through Raxaul.
13. His Majesty's Government of Nepal drew the attention of the Government of India to some practical difficulties which had prevented the operationalisation of the existing transit route agreed through Radhikapur and requested the Government of India for an alternative overland route to and through Bangladesh. It was agreed that officials of the two sides should meet shortly to examine mutually acceptable alternatives.

Economic Co-operation

14. The two delegations reviewed progress of the projects which are implemented by Indian co-operation in Nepal. Both sides appreciated the performance of the projects and agreed that it would be reviewed

- periodically with a view to addressing problems, if any, so that they are completed within the stipulated time.
15. The Nepalese delegation expressed deep appreciation to the Government of India for providing grant-in-aid to the construction of the twenty-two bridges in the Kohalpur-Mahakali section of Mahendra Raj Marga (East-West-Highway). In view of the priority accorded to the project both sides agreed to take all necessary measures to ensure timely completion of the road.
 16. The two Prime Ministers also expressed satisfaction at the progress in regard to the B. P. Koirala Institute of Health Sciences at Dharan, which is being set up with Indian assistance of IRs.88 crores. They hoped that the institute would be a model of co-operation in the health sector in the region.
 17. Both the Governments agreed to take up the projects as agreed on previous occasions under the Nepal-India co-operation within the agreed timeframe. The following projects would be discussed at the next meeting of the High Level Task Force which would be held shortly:
 - a. Raxual-Sirsia Broad-gauge Railway
 - b. Bir Hospital Expansion Project,
 - c. Rehabilitation of Koshi-Bharadaha Road,
 - d. Construction of embankments along the Bagmati, Kamala, Khando and Lalbakaiya rivers.
 - e. Greater Janakpur Development Project,
 - f. Biratnagar-Rangeli-Bhadrapur Road,
 - g. Birpur-Chatara Road and
 - h. Feasibility Study of Electric Railway

Tourism and civil Aviation

18. In view of the importance of tourism to Nepal's economy, the two Prime Ministers agreed to accord high priority to the expansion of co-operation at the level of the two Governments as well as the travel and tourism industry between the two countries.

19. The two sides agreed that a substantial growth of bilateral air traffic should be encouraged. To this end, the two Governments agreed that an increase in frequencies, destinations and designated airlines should be promoted. Nepal expressed interest in allowing private airlines to operate flights. It was agreed that officials of two sides would meet very soon to consider promotion of civil aviation ties between the two countries keeping in view the growth of traffic and the changed scenario.

Indian Investment in Nepal

20. The Nepalese side requested that appropriate measures be taken by the Government of India in order to facilitate investments by Indian investors in Nepal. These suggestions are under the active consideration of the Government of India.
21. The Prime Minister of Nepal conveyed an invitation to the Prime Minister of India to visit Nepal. The invitation was accepted with pleasure. The dates for the visit will be worked out through diplomatic channels.

Ministry of Foreign Affairs
Kathmandu.
February 17, 1996

Joint Statement on Official Visit of Rt. Hon'ble Man Mohan Adhikari, Prime Minister of Nepal to India (April 10-14, April 1995)

1. Rt. Hon'ble Man Mohan Adhikari, Prime Minister of Nepal, is on an official goodwill visit to India from April 10 to 14, 1995 at the invitation of Shri P.V. Narsimha Rao, Prime Minister of India. The Prime Minister of Nepal was accompanied by Mrs. Sadhana Devi Adhikari, Mr. Chandra Prakash Mainali, Minister of Local Development and Supplies, Mr. Bhim Bahadur Rawal, Minister of State for Commerce, Tourism and Civil Aviation, Mr. Hari Prasad Pandey, Minister of State for Industry and Water Resources and Mr. Mangal Siddhi Manandhar, Vice-Chairman, National Planning Commission.
2. During his visit, the Prime Minister of Nepal was received by the President of India and visited Rajghat, where he paid homage to the memory of Mahatma Gandhi. He had meeting with the Prime Minister, Shri P. V. Narasimha Rao. The Indian and Nepalese delegations led by the two Prime Ministers also met for detailed discussion on issues of common interest.
3. The discussions were marked by the sincerity, friendship and understanding which characterize the close relations between India and Nepal, and by mutual respects for the complete sovereignty, territorial integrity and independence of each other. During the wide-ranging discussions, bilateral issues, the further development of India-Nepal relations, the situation in the Indian sub-continent and other issues of mutual interest were discussed.
4. The two leaders reiterated their commitment to the promotion of close and friendly relations between India and Nepal and looked forward to a future where these relations are further strengthened in new areas of cooperative endeavours. Both Prime Ministers were heartened by the absence of any problems between India and Nepal.

Their discussions also covered different aspects of bilateral relations, including review of the Treaty of Peace and Friendship of 1950. They agreed to continue discussions on this and all relevant issues of bilateral interest at the appropriate level of the two countries.

5. Both governments reiterated their adherence to the principles of sovereign equality, territorial integrity, national independence, non-use of force, non-interference in each other's internal affairs and peaceful settlement of all issues. Both India and Nepal respect and understand each other's security concerns neither side will allow activities on its territory prejudicial to the security of the other.

Trade and Transit

6. The two Prime Ministers reviewed the present status of bilateral trade and economic links between the two countries. They were heartened by the recent increases in bilateral trade as a result of preferential arrangements made since 1992 by the two governments.
7. On the basis of discussions held between His Majesty's Government of Nepal and the Government of India, it was agreed to make the following further improvements in the trade and transit regime:
 - i) Nepal's trade in transit to have the facility of the additional ports of Kandla and Bombay and on the same terms as are available to Indian nationals, subject to the transit of goods taking place in customs sealed containers via shortest designated railway routes.
 - ii) Provision of additional facilities for customs clearance at Raxaul for Nepal's trade in transit which is containerized under customs seal from/to Kandla, Bombay, and Calcutta.
 - iii) Both countries will seek to jointly identify Nepalese products where further improvements in their preferential access to the Indian markets could be considered.
 - iv) As regards procedures for preferential access to the Indian market, these will be reviewed by the India-Nepal Inter-Governmental Committee on Trade and Commerce.

Supplies

8. It was agreed that India will continue to assist Nepal in the regular supply of commodities like petroleum products, salt, sugar, rice, etc.

Water Resources

9. The two Prime Ministers also discussed the issue of water resources. It was agreed that the two sides should continue their efforts for the development of the use of the Mahakali River. In this context, the Prime Minister of Nepal presented certain proposals regarding additional benefits to Nepal. The Prime Minister of India agreed that these proposals would be examined taking into account relevant aspects. For this, some time would be required to enable consultations. Thereafter, both sides agreed that they would have further discussions and come to a conclusion.

Indian Aid Projects

10. Both sides noted with satisfaction that India-Nepal cooperation projects in Nepal undertaken since the Indian Prime Minister's visit in October 1992 are being implemented smoothly. The B. P. Koirala Institute of Health Sciences at Dharan has admitted its first batch of students and work on the project is continuing smoothly. Several other projects have been completed or are near completion. Among these, the telephone exchange at Rangeli, the industrial estate at Rajbiraj, the museum building at Hetauda, the Lumbini museum building, the western sector of the Mahendra Rajmarg between Kohalpur and Mahakali, the Raxaul (Sirsiya) bridge, the supply of two engines and six coaches to the Jayanagar-Janakpur railway, and the supply of cleaning equipment to Kathmandu. Preparatory work on other projects is proceeding smoothly.
11. The two Governments decided to undertake the following agreed and new projects during 1995-96 in accordance with the following priority:
 1. 18 bridges on Kohalpur-Mahakali sector of East-West Highway
 2. Raxaul-Sirsiya broad-gauge rail link
 3. Expansion of Bir Hospital
 4. Joint Survey for East-West Electric Railway
 5. Supply of two engines and 12 coaches and wagons for narrow gauge Jayanagar-Bijalpur rail Link
 6. Greater Janakpur Development Project

Both sides also agreed to concentrate available resources on these priority projects.

12. The Prime Minister of Nepal conveyed an invitation to the Prime Minister of India to visit Nepal. The invitation was accepted with pleasure. The dates for the visit will be worked out through diplomatic channels.

New Delhi,
April 12, 1995

Joint Communiqué on Official Visit of His Excellency P.V. Narasimha Rao Prime Minister of India to Nepal (October 19-21, 1992)

1. His Excellency Sri P.V. Narsimha Rao, Prime Minister of India, is on an official goodwill visit to Nepal from October 19 to 21, 1992 at the invitation of the Rt. Hon'ble Girija Prasad Koirala, Prime Minister of Nepal. The Prime Minister of India is accompanied by His Excellency Sri R. I. Bhatia, Minister of State for External Affairs and senior officials of the Government of India. He is also accompanied by his daughter, Shrimati Vani Devi, and by three of his grandchildren.
2. During his visit, the Prime Minister of India was received in audience by His Majesty's the king of Nepal. He visited the Martyrs' Memorial in Kathmandu and paid homage to their memory. He was also given a Civic Reception by the citizens of Kathmandu. He had meetings with His Excellency Prime Minister G.P. Koirala, and with the leaders of the main political parties in Nepal. The Indian and Nepalese delegations led by the two Prime Ministers met for detailed discussions on issues of common interest.
3. The discussions were held in an atmosphere of warmth, friendship and sincerity, which mark the extremely close relationship between Nepal and India. In the course of these meetings, as also the earlier discussions at the official level that preceded the visit of the Prime Minister of India, a number of decisions were taken and steps finalized in order to further strengthen and expand bilateral cooperation. In the trade sector, in particular, substantial improvements have been made in the access regime for Nepalese exports to India. These decisions were meant to build on the bilateral cooperation programme in a variety of fields worked out during the visit of His Excellency the Prime Minister of Nepal to India in December, 1991, and to help usher in a new era of such mutually beneficial cooperation between the two countries.

Trade

4. On the basis of discussions held between His Majesty's Government of Nepal and the Government of India, it was appealed to improve and simplify the regime for export of Nepalese goods to India. These changes are listed below. They mark a watershed in the trade relations between Nepal and India, and should contribute significantly to enhancing Nepalese exports to India.
 - The existing pro forma clearance system will be abolished and will be replaced by system of Certificate of Origin to be issued by HMG/N.
 - In determining the eligibility of a Nepalese product for access to the Indian market free or customs duties and quantitative restrictions, Nepalese labour content will also be included.
 - If the total percentage of the three components, that is the Nepalese labour content, the Nepalese material content, the Indian material content, exceeds 50 percent, the product will have duty free and quota free access to the Indian market.
5. The above provisions will cover all Nepalese exports to India, except for a small negative list of items, for which this facility will not be available. Both sides have agreed on procedures to ensure that the Certificate of Origin System is efficiently and properly implemented.
6. The number of other issues relating to Indo-Nepal trade have also been resolved, which would further facilitate Nepalese exports to India. These are listed below:-
 - Movement of Nepalese private commercial vehicles from the Nepalese border to Calcutta\Haldia and back will be allowed on such vehicles being duly authorised by the Nepal Transit and Warehousing Company Ltd. or Nepal Transport Corporation or HMG\N and the necessary undertaking being given by them to the Indian customs authorities.
 - Nepal may import goods from India by payment in freely convertible currency, in addition to the existing system of payment in Indian Rupees, for the import of such goods as HMG\N may choose. The Indian exporter will be entitled to all the export

benefits made available by India for such exports in freely convertible currency.

- Nepal- to- Nepal movement of Nepalese vehicles and goods through India will be allowed without cash deposit or bond system upon the necessary undertaking given by the Nepalese customs authorities.

Stand-by Credit

7. Reflecting the Government of India's desire to be fully supportive of the economic development and well- being of the people of Nepal, the Government of India has further agreed to enhance the revolving stand-by credit facility extended to Nepal from the level of IRs. 35 crores to IRs. 50 crores. The term of this agreement will also be extended from one year to three years. The special concessional interest rate of 7 percent per annum for this credit will also be maintained during this period.

Joint Ventures

8. The liberalized guidelines of the Government of India for investment in joint ventures abroad by Indian entrepreneurs would greatly simplify the procedures for setting up such ventures in Nepal. Together with the Certificate of Origin System, this will promote Nepalese exports to India as also the industrialization of Nepal and local employment opportunities.

Water Resources Cooperation

8. Following up on the understandings reached and the decisions taken during the visit of His Excellency the Prime Minister of Nepal to India in December, 1991 on bilateral cooperation in this sector, both sides have agreed on a timeframe for investigation, preparation for project reports etc. on the Karnali, Pancheswar, Sapta Koshi, Budhi-Gandaki, Kamala and Bagmati Projects, as also on the installation of Flood Forecasting and Warning Systems, the construction of flood protection embankments on power exchange. The implementation of this detailed programme would prepare the ground for taking up some or all of these projects and to enter into required agreements. It was further agreed to explore the possibility of private sector participation in setting up of hydel projects. Both the governments agreed to give priority to undertake Pancheswar and Budhi-Gandaki projects. It was agreed to investigate and study the aspects of navigation through the Koshi river. It was also agreed that the supply

of water to Nepal under the Sharada Barrage Agreement will be maintained.

Tanakpur Barrage

10. With reference to the decision taken at the Second Meeting of the Indo-Nepal Joint Commission in New Delhi on December 4-5, 1991 regarding the Tanakpur Barrage, the following clarifications were agreed upon:-

- The site at Mahendranagar municipal area in the Jimuna village which is made available for tying up of the left afflux bund about 577 meters in length (within an area of about 2.9 hectares) to the high ground on the Nepalese side at EL 250 and the Nepalese land lying on the west of the said site bund up to the Nepal-India border including the natural resources/endowments lying within that area remains under the continued sovereignty and control of Nepal and Nepal is free to exercise all attendant rights thereto.
 - As referred to above, the Tanakpur Barrage Project does not make any consumptive use of water. No arrangement concerning the tying up of the afflux bund to the left of the Tanakpur Barrage to the high ground on the Nepalese shall be construed as depriving projects envisaged at Pancheswar or similar other places on the Mahakali river upstream of the Tanakpur Barrage.
 - The supply of up to 150 cusecs of water from the Tanakpur Barrage to irrigate between 4000-5000 hectares of land on the Nepalese side shall be made on a perennial /round the year basis as would be requested by Nepal. The construction of the portion of the canal up to the Nepal-India border for the supply of water shall be completed at the earliest.
 - Regarding the supply of power to Nepal from the Tanakpur power station, both sides agreed that 20 million units would be supplied annually, free of cost, to Nepal. The modalities for the supply of energy shall be worked out.
11. Further, as some pillars on the Nepal-India border in the Tanakpur Barrage area are missing or in a dilapidated condition, they would be put in place or renovated by May, 1993 under the auspices of the Joint Technical Level Nepal-India Boundary Committee, in

consonance with the governing principles of territorial sovereignty and mutual respect.

Power Exchange

12. Recalling the decision taken regarding power exchange during the visit of the Prime Minister of Nepal to India in December, 1991, the two sides agreed that the future quantum of exchange shall be considered by the High Level Task Force to be constituted.

B.P. Koirala Nepal-India Foundation

13. The Bishweshwar Prasad Koirala Nepal-India Foundation, set up to honor the memory of the great Nepalese patriot, freedom fighter and statesman, was inaugurated by the two Prime Ministers on October 21, 1992. The MOU for setting up this foundation was signed during the visit of the Prime Minister of Nepal to India in December 1991. The Foundation provides an instructional framework for promoting academic, cultural and technical, exchanges and cooperation between India and Nepal, the specific thrust areas being agricultural research, science and technology, health, technical training, developmental and area studies and women's studies. The focus of the Foundation, which will be funded by the income from a trust fund to which both governments have contributed IRs. 2 crores each is on higher studies, research, in-service training of teachers, research scholars, technocrats, etc.

India Aid Project in Nepal

14. Both sides noted with satisfaction that the various Indian aid projects being taken up in Nepal following the visit of His Excellency the Prime Minister of Nepal to India in December, 1991 were being implemented smoothly. These include the establishment of the B.P Koirala Institute of Health Sciences at Dharan, the setting up of a new wing of the Bir Hospital in Kathmandu, the renovation of the Jayanagar-Janakpur-Bijalpur railway, the setting up of a telephone exchange at Rangeli and some new road projects like Biratnagar-Bhadrapur and Chatara-Birpur roads. Both sides will cooperate to ensure the successful completion of these projects.
15. In response to a request from HMG/N, the Government of India will take up a new project, the construction of 17 bridges on the western sectors of the Kohalpur-Mahakali section of Mahendra Rajmarg. These bridges will ensure that the road is fully operational even during

- the monsoon season, and will thus ease transport problem in the western and far-western regions of Nepal served by this highway.
16. An Indo-Nepal High Level Task Force will be set up, which will be part of its mandate to ensure the successful completion of the above projects as also look into any new Indian aid projects in Nepal that might be proposed, such as B.P. Koirala Ophthalmic Institute and the proposal for linking the Kohalpur-Mahakali section of the Mahendra Rajmarg to Tanakpur Barrage.
 17. The Prime Minister of India conveyed an invitation to His Majesty the King of Nepal to visit India. The invitation was accepted with pleasure. The date for the visit will be worked out through diplomatic channel. The Prime Minister of India also extended an invitation to His Excellency the Prime Minister of Nepal to visit India at his convenience. The invitation was accepted with pleasure.

(Narendra Bikram Shah)
Foreign Secretary
His Majesty's Government
of Nepal

(Jyotindra Nath Dixit)
Foreign Secretary
Government of India

Kathmandu,
October 21, 1992

**Joint Press Statement on the Official Visit of Rt.
Hon'ble Girija Prasad Koirala, Prime Minister of Nepal
to India
(December 5-10, 1991)**

His Excellency Mr. Girija Prasad Koirala, Prime Minister of Nepal, is paying a State visit to India from December 5-10, 1991 at the invitation of Shri P V Narasimha Rao, Prime Minister of India. The Prime Minister of Nepal is accompanied by His Excellency Mr. Maheshwar Prasad Singh, Minister for General Administration, His Excellency Mr. Gopal Man Shrestha, Minister for Commerce, His Excellency Dr. Mahesh Prasad Acharya, Minister in-Waiting and Minister of State for Finance, His Excellency Dr. Ram Sharan Mahat, Vice-Chairman, National Planning Commission and by senior officials of His Majesty's Government of Nepal. He was also accompanied by his daughter, Ms. Sujata Koirala.

The visit of His Excellency the Prime Minister of Nepal was preceded by the second meeting of the Indo-Nepal Joint Commission on December 4, 1991. The Joint Commission meeting was chaired on the Indian side by Shri Madhavsingh Solanki, Minister of External Affairs of India and on the Nepalese side by H.E. Mr. Maheshwar Prasad Singh, representing His Excellency Prime Minister G P Koirala, who is also the Foreign Minister of Nepal. The Joint Commission meeting had been preceded by three meetings of the Indo-Nepal High Level Task Force, with the mandate of preparing a comprehensive programme of bilateral cooperation between Nepal and India for mutual benefit. The recommendations of the High Level Task Force were submitted to and considered by the Joint Commission, which in turn reported to the two Prime Ministers.

During his visit, H.E. Prime Minister G P Koirala called on the President of India, Shri R Venkataraman, and on the Vice-President of India, Shri SD Sharma. He visited Rajghat and Shantivan and paid homage to the memory of Mahatma Gandhi and Pandit Jawaharlal Nehru. He had two meetings with the Prime Minister of India. The Indian and Nepalese delegations, led

by the two Prime Ministers, also met for detailed discussions on issues of common interest.

All these discussions were held in an atmosphere of the utmost warmth, friendship and sincerity, which have been the hallmarks of the uniquely close traditional relationship between the two countries and peoples. In the course of these meetings, as also the earlier discussions at the Joint Commission level, a number of key decisions were taken with a view to deepening and expanding mutually beneficial cooperation between Nepal and India. These decisions were taken in a spirit of deep friendship, marked by mutual trust and confidence, and were imbued by the shared desire to usher in a new era in bilateral cooperation in a wide variety of fields which would bring direct and substantial benefits to the peoples of both countries.

Trade, Transit and Cooperation in Controlling Unauthorized Trade:

A new Indo-Nepal Treaty of Trade has been concluded, valid for five years and renewable for the same period. It will enter into force from today, December 6, 1991. Besides the elements included in the earlier Trade Treaty and the additional tariff concessions provided in June, 1990, several new facilities and concessions for Nepalese exports to India have been incorporated in the new Treaty. These include:

- Reduction of Nepalese/Nepalese-Indian content requirement for duty and quota-free entry of Nepalese manufactured goods to India from 65% to 55%.
- Time-bound pro forma clearance for such Nepalese exports to India, through the Indian Embassy in Kathmandu, as sought by HMG, with a four month time-limit.
- Validity period for such pro forma clearance increased from 2 years as at present to 5 years, thus easing procedures substantially for Nepalese exporters.
- Agreement in principle to include Nepalese labour content in the 55% requirement for duty/quota free entry, subject to a negative list of products being worked out by the two Governments.

A new Indo-Nepal Treaty of Transit has been concluded, with a validity of 7 years. Besides the provisions of the earlier Transit Treaty, this also includes

various simplifications in customs and other procedures to help Nepalese importers and exporters.

A new agreement for cooperation in controlling unauthorized trade has been concluded with a validity of 5 years. Both sides are committed to cooperating fully to control this growing scourge which seriously affect the Indian economy.

Water Resources Development:

In this key area, which has the maximum potential for revolutionizing bilateral cooperation, a number of decisions concerning the Karnali, Pancheswar and Saptakoshi hydel/multi-purpose projects, medium size projects like the Burhi Gandaki flood forecasting and flood protection schemes, power exchange, etc, have been reached. These should help usher in a new era in beneficial mutual cooperation in this sector.

The Government of India will also undertake investigations of the road connecting the Tanakpur barrage to the East-West Highway at Mahendranagar. In response to a request from the Nepalese side, as a goodwill gesture, India will provide 10 million units of free power initially every year. India will also undertake supply of water from the Tanakpur barrage in accordance with the agreement reached during the discussions.

India will also undertake the immediate construction of the left afflux bund of the Tanakpur barrage, to prevent any inundation of Nepalese territory when the barrage is commissioned.

A Memorandum of Understanding for Cooperation in Agriculture between Nepal and India has been concluded. It covers cooperation in agriculture science and technology, research, processing of cash crops, agro-based industries, etc. A Joint Working Group will be set up within the framework of this Memorandum which will prepare concrete programmes for such cooperation. These programmes will be aimed at promoting rural development and rural employment in Nepal.

In homage to the memory of the great Nepalese patriot, freedom fighter and statesmen, the late Bishweshwar Prasad Koirala, both countries have decided to establish the Bishweshwar Prasad Koirala India-Nepal Foundation. A Memorandum of Understanding for this purpose has also been concluded. The Foundation will work, with the active support of both Governments, to promote not merely educational and cultural exchanges but also cooperation in science and technology, agriculture and other

development oriented fields. The Government of India will contribute a sum of Rs. 2 crores to the Trust Fund for the Foundation and His Majesty's Government of Nepal will make a matching contribution.

To promote cooperation in industrial development, special encouragement will be given for the setting up of the Indo-Nepal joint ventures. For this purpose, access to the Indian market, free of basic customs duties and quantitative restrictions will be provided automatically for all products of such joint ventures which are cleared by the two Governments. The Government of India will also allow movement of capital for such approved joint ventures as per the terms agreed upon. Emphasis will be given in this regard to setting up sugar, paper and cement industries.

As requested by HMGN, a number of new Indian aid projects in Nepal will also be taken up by India. These include a BP Memorial Medical College in Biratnagar, a telephone exchange at Rangeli, construction of the Biratnagar-Jhapa road and the Chatara-Birpur road and the renovation of the Jayanagar-Janakpur-Bizalpur railway line. The Indian side referred to its proposal for broad-gauging the existing railway line up to Raxaul. It agreed to consider investigating extending a broad-gauge line to a suitable point in Nepal ex-Raxaul. The Government of India will also send an experts team from the All India Institute of Medical Sciences in New Delhi, to look into the details of a BP Koirala Ophthalmic Institute in Kathmandu and prepare a project report for this.

The two Governments also undertook to promote cooperation in civil aviation and tourism and have identified several concrete steps to this end.

December 6, 1991

Friendly Official visit of His Excellency Mr. Chandra Shekhar, Prime Minister of India to Nepal (13-15 Feb, 1991)

His Excellency Mr. Chandra Shekhar, Prime Minister of India paid an official visit to Nepal on Feb 13-15, 1991 at the invitation of the Prime Minister of Nepal. During the visit the Indian Prime Minister Mr. Shekhar exchanged views with his counterpart Mr. K.P. Bhattarai the Nepalese Prime Minister in a wide range of issues of bi-lateral concern, and agreed, inter alia, to form a High-level Task Force for the purpose of preparing a programme of cooperation between the two countries under the umbrella of Nepal-India Joint Commissions. The visit of the Indian Prime Minister paved the way for strengthening the existing bi-lateral ties to a new height.

Apart from the above His Excellency Prime Minister of India Mr. Atal Bihari Vajpayee visited Nepal in January 2002 to attend 11th SAARC Summit Meeting which was equally helpful in promoting bi-lateral relations between the two countries.

N.B: The Institute apologizes for not being able to publish the elaborate documents during the visit of His Excellency Mr. Chandra Shekhar, Prime Minister of India due to some technical reasons. However, IFA would incorporate it in its next edition.

X'D

Joint Communiqué on Official Visit of Rt. Hon'ble Krishna Prasad Bhattarai, Prime Minister of Nepal to India (June 8-10, 1990)

Shri K. P. Bhattarai, The Prime Minister of Nepal visited India from June 8-10, 1990 at the invitation of Prime Minister of India, Shri VP Singh. The two leaders held talks on bilateral, regional and international issues of mutual concern. The talks were held in the most cordial and friendly atmosphere characterizing the age old ties and the shared value of the two countries in the economic, social, cultural and religious spheres.

The Prime Minister of India applauded the success of the movement for democracy in Nepal and the commencement of the process of establishment of a multi-party system with a constitutional monarchy and with the people of Nepal as the repository of power. The two leaders reaffirmed their desire promptly to normalize the unique, friendly and brotherly relations between their two peoples impart them new dimensions and dynamism and elevate them to ever-rising levels of cordiality.

The two leaders reiterated their Governments' adherence to and respect for the principles of sovereign equality, territorial integrity national independence non-use of force non- interference in each others internal affairs and peaceful settlement of all disputes .They agreed that Nepal and India will respect each others security concerns. In this context neither side will allow activities in its territory prejudicial to the security of the other. The two countries shall have prior consultations with a view to reaching mutual agreement on such defense related matters which in the view of either country could pose a threat to its territory.

Pending the finalization of a comprehensive arrangement covering all aspects of bilateral relations, the two Prime Ministers agreed to restore status quo ante to April 1, 1987 in the relation between the two countries. The two government will take all necessary steps such as the issue of administrative orders, notifications legislations/ordinance etc. in order to insure that the status quo ante to April 1, 1987 is restored by July 1, 1990.

Illustrative list of actions to be completed by the two governments are given in Annexure I (India) and Annexure II (Nepal). It was further agreed that the above arrangement would not be altered by either side without mutual consultations.

The two leaders declared their solemn intention to usher in a new era of cooperation between the two countries particularly in the sphere of industrial and human resources development for the harnessing of the water of the common rivers for the benefit of the two peoples and for the protection of the environment.

During his visit the Prime Minister of Nepal called on the President of India, Shri R. Venkatraman and the Vice President of India Dr. S. D. Sharma. He also visited Rajghat and Shantivana and laid wreaths in honour of Mahatma Gandhi and Pundit Jawaharlal Nehru.

The Prime Minister of Nepal extended a cordial invitation to the Prime Minister of India to visit Nepal. The invitation was accepted with pleasure.

New Delhi,
June 10, 1990

Annexure I

Action to be taken by the Government of India

Trade

1. Import of primary products from Nepal to be exempted from basic customs duties as well as from quantitative restrictions.
2. Provide access, free, of basic customs duties and quantities restrictions for all manufactured articles containing not less than 65% of Nepalese materials or Nepalese and Indian materials on a case by case basis keeping in mind the need for expeditious clearance.
3. Allow 50% tariff concession on MFN rate of import duty where value of Nepalese and Indian material and labour added in Nepal is at least 40% of the ex-factory price, on a case by case basis keeping in mind the need for expeditious clearance.
4. Export to Nepal of quota goods, namely those that are either restricted or canalized for export from India.
5. The refund of Indian excise duty to Nepal under the Duty Refund Procedure should be such as to cover but not to exceed the basic and additional customs duty levied on similar goods imported from third countries.
6. Supplies of coke and coal to Nepal under quota will be resumed. Prices and supply schedules will be subject to agreement between MMTC and Nepal Coal Limited.
7. Canalising of the exports of POL products to Nepal through IOC and agreement between IOC and NOC for product exchange between the two organizations.
8. Restoration of the Stand-by Credit Facility to Nepal at the enhanced level of IRs. 35 crores.

Transit

9. Notification under Section 7 of the Customs Act 1962 restoring the 22 border points covered under GOI Notification No. 73/Customs/F.No.552/58/78-LCI and 238/Customs dated 15.12.1979 and 149/84 Customs dated 19.5.1984, and routes specified therein as Land Customs Stations for the movement of goods between India and Nepal.
10. The 15 points earlier designated as transit points for Nepal's transit trade, through India, with third countries be reinstated.

Others

11. Restoration of the movement of the Nepalese trucks to and from the nearest railway/head/terminals.
12. Once a joint venture is approved by the two Governments, the Government of India would allow movement of capital as per the terms agreed upon in the joint venture.
13. Restoration of the three earlier immigration points on the Indo-Nepal border for the movement of tourists.

Annexure II

Action to be taken by His Majesty's Government of Nepal

Trade

1. Restoration of tariff preferences to Indian goods by inter alia, exemption of additional custom duty.
2. Exemption of basic customs duty on imports of primary products from India as provided for similar products from Nepal imported to India.
3. Tariff preferences for third country goods should not be such as to be detrimental to the tariff regime for India exports.
4. Valuation of Indian goods exported under DRP for assessment of basic customs duty will be made on the basis of ex-factory/ex-depot price, excluding any element of refundable Indian duties and taxes, but including transport and insurance charges, wherever applied.

Indian Nationals

5. Removal of Indian nationals from the ambit of the Work Permit scheme.
6. Indian nationals employed in schools in Nepal will be placed on the same footing as Nepalese nationals as regards terms and conditions of employment.

Other Matters

7. Removal of restrictions on the movement of Indian currency between Nepal and India on the basis of reciprocity.
8. Restoration of facilities for Indian nationals to have their vehicles registered in Nepal on the basis of reciprocity.