

**AGREEMENT BETWEEN THE GOVERNMENTS OF
INDIA AND NEPAL FOR THE CONSTRUCTION
OF MINOR IRRIGATION WORKS AND
WATER SUPPLY PROJECTS**

Kathmandu, 14 July 1954

The Government of India and the Government of the Kingdom of Nepal (hereinafter referred to as the Government of Nepal)

Being desirous to co-operate with each other in promoting the economic development of Nepal and the Government of India being willing to assist the Government of Nepal both by way of financial assistance (be it a loan or a grant) and by making available supplies of goods and equipment and also the services of skilled personnel in the execution of agreed projects of economic development in Nepal.

Have agreed as follows :

Article I

The Government of India will make a grant of Rs. 50 lakhs (Indian rupees) spread over a period of four years beginning from 1954-55 for minor irrigation projects and minor water supply project, including drinking water facilities in Nepal.

Article II

The grant will be utilised :

- (a) for meeting the cost of labour and materials and on the acquisition of any land required for a project,
- (b) for the purchase of stores, equipment, machinery, vehicles and other articles required for a project or a group of projects,
- (c) for meeting the expenditure on salaries, allowances and travelling expenses for any staff engaged by the Government of Nepal specifically for these projects, and

- (d) for meeting the cost of any personnel obtained from India to advise or assist in the execution of these projects and similar engineering projects.

Article III

The expenditure on item (d) of Article II of this Agreement and on any stores, equipment, machinery, vehicles and other articles obtained from outside Nepal will be paid for by the Government of India and the rupee expenditure thereon will be debited to the present grant of Rs. 50 lakhs by book adjustment. To meet the other items of expenditure incurred in Nepal, agreed sum or sums will be advanced from time to time in the first instance to the Government of Nepal towards the cost of execution of individual project or projects, and further disbursements will be made on the basis of actual progress or expenditure as certified by the Government of Nepal.

Article IV

This Agreement shall come into force upon its execution by duly authorised representatives of the Government of India and of the Government of Nepal.

IN WITNESS WHEREOF the undersigned, being duly appointed representatives of the Government of India and the Government of Nepal respectively, have on behalf of their Governments, signed this Agreement at Kathmandu this 14th day of July 1954 in the English language in two copies.

Sd/- B.K. GOKHALE,
14.7.54
For the Government of India.
In the presence of :
Sd/- A.S. MEHTA,
14.7.54.

Sd/- B.K. MISRA,
14.7.54
For the Government of Nepal.
In the presence of :
Sd/- R.P. MANANDHAR,
14.7.54.
