

MEMORANDUM OF UNDERSTANDING

Between

THE GOVERNMENT OF REPUBLIC OF INDIA

And

THE ROYAL GOVERNMENT OF BHUTAN

On

**GENERAL SUPPLY OF PETROLEUM, OIL, LUBRICANTS (POL) AND
RELATED PRODUCTS FROM INDIA TO BHUTAN**

The Government of Republic of India (GoI) and The Royal Government of Bhutan (RGoB) (hereinafter referred to as the Parties and individually as the Party),

Recognizing the close and friendly relations existing between the Governments and the peoples of the Kingdom of Bhutan and the Republic of India,

Recalling the existing Agreement on Trade and Commerce between the two countries, this provides for a free trade regime between the two countries, the basis of trade and transit for Bhutan's economic development.

Recognizing the need for a streamlined supply of petroleum, oil, lubricants (PoL) and related products from India to Bhutan;

Have reached the following understanding:

Article 1

Purpose and Objective

- 1.1 The objective of this MoU is to promote, streamline and facilitate uninterrupted supply of PoL and related products from India to Bhutan.



Article 2

Supply of Goods

2.1 The Government of India shall facilitate flow of the following PoL items to Bhutan:

- i) Motor Spirit (MS)
- ii) High-Speed Diesel (HSD)
- iii) Liquefied Petroleum Gas (LPGs)
- iv) Lubricants
- v) Grease
- vi) Kerosene (SKO)
- vii) Furnace Oil (FO)
- viii) Light Diesel Oil (LDO)
- ix) Aircraft Turbine Fuel (ATF)
- x) Bitumen; and
- xi) Any other petroleum products, as may be mutually agreed.

Article 3

Delivery and Lifting of Products

3.1 The Government of India in keeping with the existing arrangement shall mandate the Public Sector Undertakings (PSUs) concerned to deliver the PoL and related products to Bhutan through the entry points listed below:

- i) Phuntsholing;
- ii) Gelephu;
- iii) SamdrupJongkhar;
- iv) Samtse;
- v) Gomtu;
- vi) Nganglam(Pelzomthang);
- vii) Jitti (Samtse); and
- viii) Any other entry points as mutually agreed under Agreement on Trade, Commerce and Transit between the Government of Republic of India and the Royal Government of Bhutan.

3.2 Notwithstanding Article 3.1, the Royal Government of Bhutan shall through mutual consent arrange to lift the products from the following supply points in India:

- i) Siliguri;
- ii) Bongaigaon;
- iii) Guwahati
- iv) Sarpara

- v) Hasimara
- vi) Raninagar; and
- vii) Any other supply points, as mutually agreed.

Article 4

Price Information and Payment Modality

4.1 The Government of India shall:

- i) Facilitate the exports from India to Bhutan, at ex-factory price excluding all domestic levies and taxes; and
- ii) Arrange for the concerned Public Sector Undertakings (PSUs) to provide detailed invoice breakup every fortnightly or as and when requested by the Royal Government of Bhutan.
- iii) Levies and Taxes/Duties related to exports, if any, as applicable payable in addition to the above, shall be discussed on G2G basis.
- iv) Transportation costs, wherever applicable, will be added.

4.2 The payment modality will be drawn between the respective PSUs in India and authorized dealers in Bhutan through a separate agreement between the companies.

Article 5

Quality Assurance

5.1 The quality / specification of fuels to be supplied by respective PSU shall conform to BS VI or higher grade as applicable in India. Any other Petroleum products to be supplied as per contemporary BIS grade supplied in the domestic market in India.

Article 6

Commercial Terms

6.1 Commercial terms such as supply, payments, among others, may be decided mutually between the authorized dealers in Bhutan and PSUs in India through a signing of a separate agreement/MoU between the companies.

Article 7

Support

7.1 The Government of India shall discuss with PSUs extension of support to the Royal Government of Bhutan with respect to the following activities depending upon viability and feasibility:



- i) Installation facilities for running the retail outlets, driveway, canopy, etc based on business considerations.
- ii) Conduct seminars/training/workshops to educate stakeholders in Bhutan on services, operational SOPs and safety of the petroleum products;
- iii) Share code and password (OTP) for dispensing units with DoT/MoICE identified focal for timely repair of the dispensing units;
- iv) Appoint a dedicated technician for Bhutan to fix technical problems related to dispensing units within a day of reporting; and
- v) Replacement of old and obsolete dispensing pump.

7.2 The Royal Government of Bhutan shall facilitate long term visits of authorized officials/technicians/engineers/vendors/contractors of the PSUs for periodic inspections, maintenance, training activities, meetings, etc.

Article 8

Consultation and Implementation

8.1 The Parties shall take appropriate measures to ensure that the provisions of the MoU and its desired objectives are achieved. They agree to consult each other periodically to resolve any issues that may arise through bilateral consultations between the Parties or during the Commerce Secretary level Meetings.

Article 9

Amendment

9.1 This MoU may be revised or amended at any time upon the written consent of both Parties.

Article 10

Settlement of Disputes

10.1 Any dispute, controversy or claims arising from or in connection to the interpretation, application of this MoU shall be settled by mutual consultation, in the spirit of trust and understanding in consonance with friendship and cooperation that exists between the Parties.



Article 11

Entry into Force, Duration and Termination

11.1 This MoU shall enter into force upon signature by the Parties

11.2 The Agreement shall continue for a term of 3 years. Thereafter, it will be renewed for further periods by mutual written consent of the Parties” unless terminated by either Party by giving 6 months written notice in advance to the other Party of its intention to terminate this Agreement

11.3 The Termination of this Agreement shall not affect any programmes undertaken prior to the termination of this Agreement, unless otherwise agreed upon by the Parties.

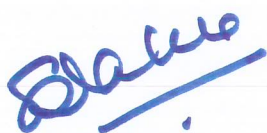
The foregoing represents the understanding reached between the Parties on the matter referred to in this MoU and does not create any legally binding obligations upon the Parties.

IN WITNESS WHEREOF, the Parties, being duly authorized thereto by their respective Governments, have signed the present MoU.

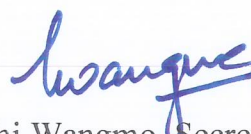
Done at Thimphu on Twenty First Day of March 2024 in two originals in the English and Hindi languages. In case of divergence in interpretation, the English text shall prevail.

For Government of Republic of India

For Royal Government of Bhutan



Mr. Sudhakar Dalela
Ambassador of India to Bhutan



Ms. Tashi Wangmo, Secretary
Ministry of Industry, Commerce,
and Employment
Royal Government of Bhutan