

Air Services Agreement between the Government of the Republic of India and the
Royal Government of Bhutan

The Government of the Republic of India and the Royal Government of Bhutan
(hereinafter referred to as the "Parties");

Being Parties to the Convention on International Civil Aviation opened for
signature at Chicago on 7 December, 1944;

Desiring to facilitate the expansion of international air services opportunities;

Air Services Agreement

Desiring to promote an international aviation system based on competition
among airlines; and

between

Desiring to ensure the highest standards of safety and security in international air
services and reaffirming their grave concern about acts or threats against the security of
aircraft, which jeopardize the safety of persons or property, adversely affect the
operation of air services and undermine public confidence in the safety of civil
aviation;

The Government of the Republic of India

Have agreed as follows:

Article I

and

Definitions

For the purposes of this Agreement, unless the context otherwise requires, the
term:

The Royal Government of Bhutan

(1) "aeronautical authorities" means the Director General of Civil Aviation of each
Party or any other authority or person empowered to perform the functions now
exercised by the said authorities;

(2) "Agreement" means this Agreement, its Annex and any amendments thereto;

(3) "Convention" means the Convention on International Civil Aviation, opened for
signature at Chicago on 7 December, 1944, and includes any amendment that has
entered into force under Article 94 (1) of the Convention and has been ratified by both
Parties, and any Annex or any amendment thereto adopted under Article 90 of the
Convention, insofar as such Annexes or amendments are at any given time effective for
both Parties;

(4) "air service", "international air service" and "air service for non-traffic
purposes" shall have the same meanings as in Article 1 of the Convention, and
shall be subject to the provisions of Article 96 of the
Convention.

Air Services Agreement between the Government of the Republic of India and the Royal Government of Bhutan

The Government of the Republic of India and the Royal Government of Bhutan (hereinafter referred to as the "Parties");

Being Parties to the Convention on International Civil Aviation opened for signature at Chicago on 7 December, 1944;

Desiring to facilitate the expansion of international air services opportunities;

Desiring to promote an international aviation system based on competition among airlines; and

Desiring to ensure the highest degree of safety and security in international air services and reaffirming their grave concern about acts or threats against the security of aircraft, which jeopardize the safety of persons or property, adversely affect the operation of air services and undermine public confidence in the safety of civil aviation;

Have agreed as follows:

Article 1

Definitions

For the purposes of this Agreement, unless the context otherwise requires, the term:

(1) "aeronautical authorities" means the Director General of Civil Aviation of each Party or any other authority or person empowered to perform the functions now exercised by the said authorities;

(2) "Agreement" means this Agreement, its Annex and any amendments thereto;

(3) "Convention" means the Convention on International Civil Aviation, opened for signature at Chicago on 7 December, 1944, and includes any amendment that has entered into force under Article 94(a) of the Convention and has been ratified by both Parties, and any Annex or any amendment thereto adopted under Article 90 of the Convention, insofar as such Annexes or amendments are at any given time effective for both Parties;

(4) "air service", "international air service", "airline" and "stop for non-traffic purposes", shall have the same meaning as assigned to them in Article 96 of the Convention;

(5) "designated airline" means an airline designated and authorised in accordance with Article 3 (Designation and Authorisation of Airlines) of this Agreement;

(6) "tariff" means any fare, rate or charge for the carriage of passengers (and their baggage) and/or cargo (excluding mail) in air service charged by airlines, including their agents, and the conditions governing the availability of such fare, rate or charge;

(7) "territory" shall have the same meaning as assigned to it in Article 2 of the Convention; and

(8) "user charges" means a charge imposed on airlines for the provision of airport, air navigation or aviation security facilities or services, including related services and facilities for aircraft, their crews, passengers, baggage and cargo.

Article 2

Grant of Rights

1. Each Party grants to the other Party the rights specified in this Agreement for the purpose of establishing scheduled international air services on the routes specified in the appropriate section or part of the Annex to this Agreement. Such services and routes shall hereinafter be called "the agreed services" and "the specified routes", respectively.

2. Subject to the provisions of this Agreement, the airline(s) designated by each Party shall enjoy the following rights:

- (a) to fly without landing across the territory of the other Party;
- (b) to make stops in the territory of the other Party for non-traffic purposes; and
- (c) while operating an agreed service at the points specified for that route in the Annex to this Agreement, the airline(s) designated by each Party shall also enjoy the right to embark and disembark, in the territory of the other Party, international traffic in passengers and cargo including mail, separately or in combination.

3. The airline(s) of each Party, other than those designated under Article 3 of this Agreement, shall also enjoy the rights specified in clauses (a) and (b) of paragraph (2) of this Article.

4. Nothing in paragraph (2) of this Article shall be deemed to confer on the designated airline(s) of one Party the privilege of taking on board, in the territory of the other Party, passengers, cargo and mail destined for another point in the territory of other Party.

5. If because of special and unusual circumstances, a designated airline of one Party is unable to operate a service on its normal routing, the other Party shall use its best efforts to facilitate the continued operation of such service through appropriate temporary rearrangement of routes as is mutually decided by the Parties.

6. The designated airlines of one Party shall have the right to use airways, airports and other facilities provided by the other Party on a non-discriminatory basis.

Article 3

Designation and Authorisation of Airlines

1. Each Party shall have the right to designate an airline or airlines for the purpose of operating the agreed services on the specified routes and to withdraw or alter such designations. Such designations shall be made in writing and transmitted to the other Party through diplomatic channels and shall identify whether the airline is authorised to conduct the type of air services specified in the Annex.

2. Upon receipt of such designation and application from the designated airline(s) of either Party, in the form and manner prescribed for the purpose, the aeronautical authorities of the other Party shall grant the appropriate operating authorisation with minimum procedural delay, provided that:

- (a) substantial ownership and effective control of that airline are vested in the Party designating the airline or its nationals;
- (b) the designated airline is qualified to meet the conditions prescribed under the laws and regulations normally applied to operation of international air services by the Party considering the application; and
- (c) the Party designating the airline is maintaining and administering the standards set forth in Article 9 (Safety) and Article 10 (Aviation Security).

Article 4

Revocation or Suspension of Operating Authorisation

1. Either Party may revoke, suspend or limit the operating authorisation granted to an airline designated by the other Party or impose such conditions as it may deem necessary in any case where:

- (a) substantial ownership and effective control of that airline are not vested in the other Party or its nationals or both;
- (b) the airline has failed to comply with the laws and regulations referred to in Article 6 (Applications of Laws) of this Agreement; or

- (c) the other Party is not maintaining and administering the standards set out in Article 9 (Safety).

2. Unless immediate action is essential to prevent further non-compliance with clauses (b) and (c) of paragraph 1 of this Article, the rights established by this Article shall be exercised only after consultation with the other Party.

3. This Article does not limit the rights of either Party to withhold, revoke, limit or impose conditions on the operating authorisation of an airline of the other Party in accordance with the provisions of Article 10 (Aviation Security).

Article 5

Principles governing operation of Agreed Services

1. There shall be fair and equal opportunity for the designated airlines of both Parties to operate the agreed services on the specified routes between their respective territories.

2. The capacity to be provided and the frequency of services to be operated by the designated airline(s) of each Party shall be agreed between both Parties.

3. Any increase in the capacity to be provided and the frequency of services to be operated by the designated airlines of each Party shall be subject to agreement between both Parties. Pending such an agreement or settlement, the capacity and frequency entitlements already in force shall prevail.

4. Notwithstanding the foregoing, the designated airlines of each Party shall be entitled to operate any number of all-cargo services between each other's territory with any type of aircraft with full 3rd, 4th and 5th freedom traffic rights regardless of the points specified in the Route Schedule annexed to this Agreement. Such all-cargo services may also be operated under co-operative marketing arrangements such as code sharing, blocked space, etc. with any other airline(s), including airlines of third countries.

Article 6

Application of Laws

1. While entering, within, or leaving the territory of one Party, its laws, regulations and procedures relating to the operation and navigation of aircraft shall be complied with by the designated airlines of the other Party.

2. While entering, within, or leaving the territory of one Party, its laws, regulations and procedures relating to the admission into or departure from its territory of passengers, baggage, crew or cargo on aircraft (including regulations relating to entry,

clearance, aviation security, immigration, passports, customs, currency, health, sanitary and quarantine or, in the case of mail, postal regulations) shall be complied with by, or on behalf of, such passengers, crew or shippers of cargo of the designated airlines of the other Party.

3. Neither Party shall give preference to its own or to any other airline over a designated airline of the other Party engaged in similar international air services in the application of the laws and regulations and procedures provided for in this Article.

4. Passengers, baggage and cargo in direct transit across the territory of either Party and not leaving areas of the airport reserved for such purpose shall be subject to no more than a simplified control, except in respect of security measures against violence, air piracy, narcotics control etc.

Article 7

User Charges

1. User charges that may be imposed by the competent charging authorities of each Party on the designated airline(s) of the other Party shall be just, reasonable, non-discriminatory, and equitably apportioned among all categories of users. Such user charges shall be assessed on the designated airline(s) of the other Party on terms not less favourable than the terms available to any other airline at the time the charges are assessed.

2. User charges imposed on the designated airline(s) of the other Party may reflect, but shall not exceed, the full cost to the competent charging authorities of providing the appropriate airport, environmental, air navigation and aviation security facilities and services at the airport or within the airport system. Such full cost may include a reasonable return on assets, after depreciation. Facilities and services for which charges are made shall be provided on an efficient and economic basis.

3. Each Party shall encourage consultations between the competent charging authorities in its territory and the designated airline(s) using the services and facilities. Each Party shall encourage the competent charging authorities and the airlines to exchange such information as may be necessary to permit an accurate and transparent review of the reasonableness of the charges in accordance with the principles stated in paragraphs (1) and (2) of this Article. Each Party shall encourage the competent charging authorities to provide users with reasonable notice of any proposal for changes in the user charges to enable the users to express their views before changes are implemented.

4. Neither Party shall be held, in dispute resolution procedures pursuant to Article 20 (Settlement of Disputes), to be in breach of a provision of this Article, if:

- (i) it has undertaken a review of the charge or practice that is the subject of

complaint by the other Party within a reasonable time; and

- (ii) following such a review, it has taken all steps within its power to remedy any charge or practice that is inconsistent with this Article.

Article 8

Customs Duties and Charges

1. Each Party shall, on the principle of reciprocity, exempt the designated airline(s) of the other Party to the fullest extent possible under its national law from customs duties, excise taxes, inspection fees and other national duties and charges on aircraft, fuel, lubricating oils, consumable technical supplies, spare parts including engines, regular aircraft equipment, aircraft stores (including but not limited to such items of food, beverages and liquor, tobacco and other products destined for sale or to be used solely in connection with the operation or servicing of aircraft) and other items such as printed ticket stock, airway bills, any printed material which bears the insignia of the company printed thereon and usual publicity material distributed free of charge by the designated airline(s).

2. The exemptions under this Article shall be granted only if the items referred to in paragraph 1 are –

- (a) introduced into the territory of one Party by or on behalf of the designated airline(s) of the other Party;
- (b) retained on board aircraft of the designated airline(s) of one Party upon arrival in or leaving the territory of the other Party; or
- (c) taken on board aircraft of the designated airline(s) of one Party in the territory of the other Party for use in operating the agreed services.

3. The exemptions under this Article shall apply regardless of the fact whether or not such items are used or consumed wholly within the territory of the Party granting the exemption, provided the ownership of such items is not transferred in the territory of the said Party.

4. The regular airborne equipment, as well as the materials and supplies normally retained on board the aircraft of the designated airline(s) of either Party, may be unloaded in the territory of the other Party only with the approval of the customs authorities of that Party. In such a case, they may be placed under supervision of the said authorities upto such time as they are re-exported or otherwise disposed of in accordance with the customs regulations.

Article 9

Safety

1. Either Party may, at any time, request consultations concerning the safety standards maintained in respect of an airline designated by the other Party relating to aeronautical facilities, aircrews, aircraft and operation of the designated airline(s). Such consultations shall take place within 30 days of the request or any longer period as may be agreed between the Parties.

2. If, following such consultations, one Party finds that safety standards in the areas referred to in paragraph (1) that meet the standards established at that time in accordance with the Convention are not effectively maintained and administered in respect of airline(s) designated by the other Party, the other Party shall be notified of such findings and the steps considered necessary to conform with these minimum standards, and the other Party shall take appropriate corrective action within an agreed time period.

3. Each party reserves the right to suspend or limit the operating authorization of an airline(s) designated by the other Party in the event the other Party does not take appropriate corrective action within 30 days.

4. It is agreed that any aircraft operated by an airline of one Party on services to or from the territory of the other Party may, while within the territory of the other Party, be made the subject of an examination by the authorized representatives of the other Party, on board and around the aircraft to check both the validity of the aircraft documents and those of its crew and the apparent condition of the aircraft and its equipment (in this Article called "ramp inspection"), provided this does not lead to unreasonable delay.

5. If any such ramp inspection or series of ramp inspections gives rise to:

- serious concerns that an aircraft or the operation of an aircraft does not comply with the minimum standards established at that time pursuant to the Convention; or
- serious concerns that there is a lack of effective maintenance and administration of safety standards established at that time pursuant to the Convention;

the Party carrying out the inspection shall, for the purposes of Article 33 of the Convention, be free to conclude that the requirements under which the certificate or licences in respect of that aircraft or in respect of the crew of that aircraft had been issued or rendered valid or that the requirements under which that aircraft is operated are not equal to or above the minimum standards established pursuant to the Convention.

6. In the event that access for the purpose of undertaking a ramp inspection of an aircraft operated by an airline of one Party in accordance with paragraph (4) of this Article is denied by a representative of that airline, the other Party shall be free to infer that serious concerns of the type referred to in paragraph (5) of this Article arise and draw the conclusions referred to in that paragraph.

7. Each Party reserves the right to suspend or vary the operating authorization of an airline or airlines of the other Party immediately in the event the first Party concludes, whether as a result of a ramp inspection, a series of ramp inspections, a denial of access for ramp inspection, consultation or otherwise, that immediate action is essential to the safety of an airline operation.

8. Any action by one Party in accordance with paragraphs (3) or (7) of this Article shall be discontinued once the basis for taking that action ceases to exist.

Article 10

Aviation Security

1. In accordance with their rights and obligations under international law, both Parties reaffirm that their obligation to each other to protect the security of civil aviation against acts of unlawful interference forms an integral part of this Agreement. Without limiting the generality of their rights and obligations under international law, the Parties shall in particular act in conformity with the provisions of the Convention on Offences and Certain other Acts Committed on Board Aircraft, done at Tokyo on September 14, 1963, the Convention for the Suppression of Unlawful Seizure of Aircraft, done at The Hague on December 16, 1970, the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, done at Montreal on September 23, 1971 and its Protocol done at Montreal on February 24, 1988 and any other Convention on aviation security to which both Parties become members.

2. Upon request, both Parties shall provide each other with all necessary assistance to prevent acts of unlawful seizure of civil aircraft and other unlawful acts against the safety of such aircraft, of their passengers and crew, of airports and air navigation facilities, and address any other threat to the security of civil air navigation.

3. Both Parties shall, in their mutual relations, act in conformity with all aviation security standards and appropriate recommended practices established by the International Civil Aviation Organization and designated as Annexes to the Convention; they shall require that operators of aircraft of their registry, operators of aircraft who have their principal place of business or permanent residence in their territory and the operators of airports in their territory act in conformity with such aviation security provisions.

4. Each Party agrees to observe the security provisions required by the other Party

for entry into and departure from the territory of that other Party and to take adequate measures to protect aircraft and to inspect passengers, crew, and their baggage and carry-on items, as well as cargo and aircraft stores, prior to and during boarding or loading. Each Party shall also give positive consideration to any request from the other Party for special security measures to meet a particular threat.

5. When an incident or threat of an incident of unlawful seizure of aircraft or other unlawful acts against the safety of passengers, crew, aircraft, airports or air navigation facilities occurs, both Parties shall assist each other by facilitating communications and other appropriate measures intended to terminate rapidly and safely such incident or threat.

6. When a Party has reasonable grounds to believe that the other Party has departed from the aviation security provisions of this Article, the aeronautical authorities of that Party may request immediate consultations with the aeronautical authorities of the other Party. Failure to reach a satisfactory agreement within 15 days from the date of such request shall constitute grounds to withhold, revoke, limit, or impose conditions on the operating authorisation of the designated airline(s) of that Party. When required by an emergency, either Party may take interim action prior to the expiry of 15 days.

7. Any action taken in accordance with paragraph (6) shall be discontinued upon compliance by the other Party with the provisions of this Article.

Article 11

Commercial Opportunities

1. The airline(s) of each Party shall have the right to establish offices in the territory of the other Party for promotion and sale of air services and other ancillary products and facilities required for the provision of air services.

2. The airline(s) of each Party shall be entitled, in accordance with the laws and regulations of the other Party relating to entry, residence and employment, to bring in and maintain in the territory of the other Party managerial, sales, technical, operational and other specialist staff required for the provision of air services and other ancillary products and facilities. Such staff requirements may, at the option of the airline, be satisfied by its own personnel of any nationality or by using the services of any other airline, organisation or company operating in the territory of the other Party and authorised to perform such services in the territory of such other Party.

3. Any airline of each Party may engage in the sale of air services and its ancillary products, services and facilities in the territory of the other Party directly and, at the airline's discretion, through its agents. For this purpose, the airline shall have the right to use its own transportation documents and any person shall be free to purchase such transportation and its ancillary products, services and facilities in the currency of that

territory or in freely convertible currencies.

4. The airline(s) of each Party shall have the right to convert and transfer freely in any convertible currency, on demand, local revenues in excess of sums locally disbursed earned by such airlines in connection with the sale of air transportation and other ancillary products, services and facilities as well as interest earned on such revenues (including interest earned on deposits awaiting transfer). Conversion and remittance shall be permitted promptly without restrictions or taxation in respect thereof at the rate of exchange applicable to current transactions and remittance on the date the airline makes the initial application for remittance.

5. The airline(s) of each Party shall be permitted to pay for local expenses, including purchase of fuel, in the territory of the other Party in local currency. At their discretion, the airline(s) of each Party may pay for such expenses in the territory of the other Party in freely convertible currencies in accordance with the national regulations of the other Party.

6. Notwithstanding anything contained in this Article, the exercise of rights under this Article shall be in accordance with the applicable domestic rules and regulations consistent with the purposes of this Agreement. If one Party imposes restrictions on the transfer of local revenues in excess of sums locally disbursed by the designated airlines of the other Party, the latter shall have the right to impose reciprocal restrictions on the designated airlines of the first Party.

Article 12

Co-operative Marketing Arrangements

1. When operating or holding out the agreed services on the specified routes whether as the operating or marketing airline, the designated airline(s) of each Party may enter into co-operative marketing arrangements, such as code-share, block space or any other joint venture arrangement, with

(a) the designated airline(s) of the same Party; or

(b) the designated airline(s) of the other Party.

2. The operating airline(s) involved in the co-operative marketing arrangements shall hold the underlying traffic rights including the route rights and the capacity entitlements and meet the requirements normally applied to such arrangements.

3. All marketing airline(s) involved in the co-operative arrangements shall hold the underlying route rights and meet the requirements normally applied to such arrangements.

4. The total capacity operated by the air services performed under such

arrangements shall be counted only against the capacity entitlement of the Party designating the operating airline(s). The capacity offered by the marketing airline(s) on such services shall not be counted against the capacity entitlement of the Party designating that airline.

5. In addition to the operating airline(s), the aeronautical authorities of each side may require the marketing airline(s) to file schedules for approval and also provide any other documents before commencement of air services under the co-operative marketing arrangements.

6. When holding out services for sale under such arrangements, the concerned airline or its agent shall make it clear to the purchaser at the point of sale as to which airline shall be the operating airline on each sector of the service and with which airline(s) the purchaser is entering into a contractual relationship.

7. Before providing code sharing services, the code sharing partners shall agree as to which party shall be responsible for security, safety, facilitation, liability and other consumer related matters. Such an agreement shall be filed with the aeronautical authorities of both Parties before implementation of the code-share arrangements.

Article 13

Intermodal Services

The designated airline(s) of each Party shall be permitted to employ, in connection with air transport of passengers and cargo, any intermodal transport to or from any point in the territory of the other Party. Such airline(s) may elect to perform their own intermodal transport or to provide it through arrangements, including code share, with other carriers. The intermodal services may be offered as a through service and at a single price for the air and intermodal transport combined, provided that passengers and shippers are informed as to the providers of such transportation.

Article 14

Approval of Schedules

1. The aeronautical authorities of each Party may require the designated airline(s) of the other Party to file for their consideration and approval, at least 30 days prior to the inauguration of the agreed services, flight schedules containing the information pertaining to the type of service and its frequency, the type of aircraft to be used and the flight timings at each point. Similar information shall also be provided at least 30 days in advance for each IATA traffic season and also as and when any changes are to be introduced regarding operation of the agreed services.

2. The designated airline(s) of each Party shall also furnish any other information as may be required to satisfy the aeronautical authorities of the other Party that the

requirements of this Agreement are being duly observed.

Article 15

Provision of Statistics

1. The aeronautical authorities of each Party shall provide or cause its designated airline(s) to provide to the aeronautical authorities of the other Party statistics relating to the traffic carried during each month on the agreed services to and from the territory of that other Party, showing the points of embarkation and disembarkation of such traffic. Such statistics shall be furnished as soon as possible after the end of each month, but not later than 30 days following the month to which they relate.
2. The aeronautical authorities of each Party shall, on request, provide or cause its designated airline(s) to provide to the aeronautical authorities of the other Party statistics relating to true origin and destination of traffic carried to and from the territory of that other Party.

Article 16

Tariff

1. The tariffs in respect of the agreed services operated by the designated airline(s) of each Party shall be established by each designated airline based upon its commercial considerations in the market place at reasonable levels, due regard being paid to all relevant factors, including the cost of operation and reasonable profit.
2. The tariffs established under paragraph (1) shall not be required to be filed by the designated airline(s) of one Party with the aeronautical authorities of the other Party.
3. Notwithstanding the foregoing, each Party shall have the right to intervene so as to:
 - (a) prevent tariffs whose application constitutes anti-competitive behavior which has or is likely to or intended to have the effect of crippling a competitor or excluding a competitor from a route;
 - (b) protect consumers from tariffs that are excessive or restrictive due to the abuse of a dominant position; and
 - (c) protect airlines from tariffs that are predatory or artificially low.
4. For the purposes set out in paragraph (3) of this Article, the aeronautical authorities of one Party may require the designated airlines of the other Party to provide information relating to the establishment of the tariffs.

5. If one Party believes that the tariff charged by designated airline(s) of the other Party is inconsistent with the considerations set forth in paragraph (3) of this Article, it shall notify the other Party of the reasons for its dissatisfaction as soon as possible and request consultations which shall be held not later than 30 days after receipt of the request. If the Parties reach an agreement with respect to the tariff for which a notice of dissatisfaction has been given, each Party shall use its best efforts to put that agreement into effect. In the absence of such an agreement, the previously existing tariff shall continue to be in effect.

Article 17

Multilateral Agreements

1. In implementing this Agreement, the Parties shall act in conformity with the provisions of the Convention in-so-far as those provisions are applicable to international air services.

2. If, after entry into force of this Agreement, both Parties become party to a multilateral agreement that addresses matters covered by this Agreement, either Party may request consultations to determine whether this Agreement should be revised to take into account the multilateral agreement.

Article 18

Consultations

1. Either Party may, at any time, make a request in writing for consultation on the interpretation, application, implementation or amendment of this Agreement or compliance with this Agreement.

2. Unless otherwise agreed by the Parties, such consultations shall begin within a period of 60 days from the date on which the other Party receives the request.

Article 19

Amendment

1. This Agreement may be amended by written agreement of the Parties.

2. Any amendment so agreed shall enter into force in accordance with the provisions of Article 23 of this Agreement.

3. Notwithstanding paragraph (2), the Parties may agree to give immediate effect to an amendment to the Annex to this Agreement.

Article 20

Settlement of Disputes

1. Any dispute arising under this Agreement that is not resolved by formal consultations may be referred, by agreement of the Parties, to some person or body for decision. If the Parties do not so agree, the dispute shall, at the request of either Party, be submitted to arbitration in accordance with the procedures set forth below.
2. Arbitration shall be by a tribunal of three arbitrators to be constituted as follows:-
 - (a) Within 30 days after the receipt of a request for arbitration, each Party shall name one arbitrator. Within 60 days after these two arbitrators have been named, they shall by agreement appoint a third arbitrator, who shall act as President of the arbitral tribunal;
 - (b) If either Party fails to name an arbitrator, or if the third arbitrator is not appointed in accordance with clause (a) of this paragraph, either Party may request the President of the Council of the International Civil Aviation Organization to appoint the necessary arbitrator or arbitrators within 30 days. If the President of the Council is of the same nationality as one of the Parties, the senior most Vice President who is not disqualified on that ground shall make the appointment. In the event that either the President or the senior most qualified Vice President appoints the third arbitrator under this Paragraph, that third arbitrator shall not be a national of either of the Parties.
3. Except as otherwise agreed, the arbitral tribunal shall determine the limits of its jurisdiction in accordance with this Agreement and shall establish its own rules of procedure. The tribunal, once formed, may recommend interim relief measures pending its final determination. At the direction of the tribunal or at the request of either of the Parties, a conference to determine the precise issues to be arbitrated and the specific procedures to be followed shall be held not later than 15 days after the tribunal is fully constituted.
4. Except as otherwise agreed or as directed by the tribunal, each Party shall submit a memorandum within 45 days of the time the tribunal is fully constituted. Replies shall be due 60 days later. The tribunal shall hold a hearing at the request of either Party or on its own initiative within 15 days after replies are due.
5. The tribunal shall attempt to render a written decision within 30 days after completion of the hearing or, if no hearing is held, after the date both replies are submitted. The decision of the majority of the tribunal shall prevail.
6. Either Party may make a request for clarification on the decision within 15 days after it has been rendered and the clarification shall be issued within 15 days of such

request.

7. Each Party shall, to the extent consistent with its national law, give full effect to any decision or award of the arbitral tribunal.

8. The expenses of the arbitral tribunal, including the fees and expenses of the arbitrators, shall be shared equally by the Parties. Any expenses incurred by the President of the Council of the International Civil Aviation Organization in connection with the procedure set out in clause (b) of paragraph (2) of this Article shall be considered to be part of the expenses of the arbitral tribunal.

Article 21

Termination

Either Party may, at any time, give notice in writing to the other Party of its decision to terminate this Agreement. Such notice shall be sent simultaneously to the International Civil Aviation Organization. This Agreement shall terminate at midnight at the place of receipt of the notice immediately before the first anniversary of the date of receipt of the notice by the other Party, unless the notice is withdrawn by agreement of the Parties before the expiry of this period. In the absence of acknowledgement of receipt by the other Party, the notice shall be deemed to have been received fourteen days after the receipt of the notice by the International Civil Aviation Organisation.

Article 22

Registration with ICAO

This Agreement and all amendments thereto shall, upon signature, be registered with the International Civil Aviation Organization.

Article 23

Entry into Force

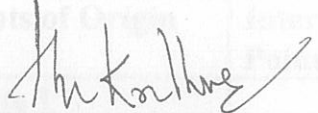
This Agreement shall enter into force on the date of the later note in an exchange of diplomatic notes between the Parties confirming that each Party has completed the necessary internal procedures for entry into force of this Agreement and its Annex.

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

DONE at New Delhi this Twenty-Second Day of December 2009 in duplicate, in the

English language, which shall be the authentic text. Translation of the Agreement into Hindi and Dzongkha languages shall be prepared and shall be considered equally authentic when agreed upon by an exchange of diplomatic notes that confirm their conformity with the English language text. In the event of any divergence of interpretation, the English text shall prevail.

Routes for the airlines designated by the Royal Government of Bhutan:

Points in Origin	Intermediate	Points in India	Beyond Points
			
(Shri S.M. Krishna) Minister of External Affairs For the Government of the Republic of India		(Lyonpo Khandu Wangchuk) Minister of Economic Affairs For the Royal Government of Bhutan	
Route 2 Points in Bhutan	Any point in the SAARC Region	Delhi Mumbai Chennai	Any points in the SAARC Region Bangkok Yangon
Route 3 Points in Bhutan	Any point in the SAARC Region	Kolkata Hyderabad Bangalore	Any point in the SAARC Region Bangkok Yangon
Route 4 Points in Bhutan	Any point in the SAARC Region	Bangalore Chennai	Any point in the SAARC Region Bangkok Yangon
Route 5 Points in Bhutan	Any point in the SAARC Region	Chennai Bangalore	Any point in the SAARC Region Bangkok Yangon
Route 6 Points in Bhutan	Any point in the SAARC Region	Chennai Bangalore	Any point in the SAARC Region Bangkok Yangon

ANNEXURE -1

Route Schedule

Section I

Routes for the airlines designated by the Royal Government of Bhutan:

Points of Origin	Intermediate Points	Points in India	Beyond Points
<u>Route 1</u> Points in Bhutan		Delhi Mumbai Chennai	Any points in the SAARC Region Bangkok Singapore
<u>Route 2</u> Points in Bhutan	Any point in the SAARC Region	Kolkata	Any point in the SAARC Region Bangkok Yangon
<u>Route 3</u> Points in Bhutan	Any point in the SAARC Region	Hyderabad Bangalore	Any point in the SAARC Region
<u>Route 4</u> Points in Bhutan	Any point in the SAARC Region	Bagdogra	Any point in the SAARC Region Bangkok
<u>Route 5</u> Points in Bhutan	Any point in the SAARC Region	Gaya	Any point in the SAARC Region Bangkok Yangon
<u>Route 6</u> Points in Bhutan	Any point in the SAARC Region	Guwahati	Any point in the SAARC Region, Bangkok

<u>Route 7</u> Points in Bhutan	Any point in the SAARC Region	Ahmedabad Amritsar Aurangabad Bhubaneswar Calicut Cochin Goa Jaipur Khajuraho Lucknow Patna Port Blair Thiruvananthapuram Tiruchirapalli Varanasi Visakhapatnam	Any point in the SAARC Region
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ANNEXURE-2

Route Schedule

Section II

Routes for the airlines designated by the Government of the Republic of India:

Points of Origin	Intermediate Points	Points in Bhutan	Beyond Points
Route 1 Points in India	Any point in the SAARC Region	Any point	Any points in the SAARC Region
Route 2 Ahmedabad Amritsar Aurangabad Bhubaneswar Calicut Cochin Goa Jaipur Khajuraho Lucknow Patna Port Blair Thiruvananthapuram Tiruchirapalli Varanasi Visakhapatnam	Any point in the SAARC Region	Any point	Any point in the SAARC Region

Section III

1. Points mentioned in Section I and Section II need not necessarily be served in the order named.
2. Intermediate and beyond points on the specified routes may at the option of the designated airline(s), be omitted on any or all flights.
3. Intermediate or beyond points not specified in Section I and Section II may be served provided no 5th freedom traffic rights are exercised between such points and any point in the territory of the other Party.
4. Two or more points in the territory of one Party shall not be served on the same flight by the designated airline(s) of the other Party.