

**AGREEMENT BETWEEN
THE ROYAL GOVERNMENT OF BHUTAN
AND
THE GOVERNMENT OF THE REPUBLIC OF INDIA
REGARDING
THE DUNGSUM CEMENT PLANT IN BHUTAN**

The Royal Government of Bhutan and the Government of the Republic of India,

BEARING IN MIND the friendly relations subsisting between the two Governments and their peoples and wishing to strengthen the same;

NOTING the desire of the Royal Government of Bhutan to develop the cement industry in their country and their request to the Government of India for assistance in this regard, and;

NOTING FURTHER the Government of India's willingness to assist the Royal Government of Bhutan in attaining this objective;

Have, with respect to Dungsum Cement Project in Bhutan, agreed as follows:

ARTICLE - I

Dungsum Cement Project in Bhutan (hereinafter called "the project") envisages the setting up of a Dry Process Cement Plant (0.5 million tonnes per year) with precalcinator, including development of limestone quarries; suitable arrangements for transport of raw materials, installation of suitable equipment for quality control and pollution control and related facilities.

The project will be a joint venture between the Royal Government of Bhutan and an Indian company with the equity participation to be mutually determined by the two parties.

ARTICLE - II

The Government of India agrees to create for the project the following infrastructure in India. The facilities within India will be solely owned by the Government of India:

a) Road

Road suitable for heavy traffic linking NH 31C at a point called Patshala in the State of Assam to the Bhutan border

b) Power Supply

- i) 132 KVA Transmission line from the Indian grid to the project site.

ii) A suitable sub station near the project site to distribute power in 132/11/6.6 KV

c) Railway Siding

A suitable railway siding at Patshala Railway Station of North-East Frontier Railway including required facilities for storage with loading and unloading equipments

ARTICLE - III

The Government of India agrees to provide the necessary funds for the project estimated at Rs. 300 crores and Rs. 100 crores towards infrastructural facilities on the Indian side, within the agreed overall ceiling of financial grants to be provided by India to Bhutan. Details pertaining to this would be worked out, by exchange of letters, on the basis of the updated DPR to be prepared within six months of signing of this Agreement.

ARTICLE - IV

The Consultant to the project shall be appointed with the approval of the two Governments.

The reports prepared by the Consultant shall be submitted to both the Governments. The Royal Government of Bhutan and the Government of the Republic of India will periodically review progress of work and determine the release of funds.

ARTICLE - V

The requirement of labour force, technical, administrative and other personnel of the project or any contractor engaged on the project will be confined to the nationals of either country.

ARTICLE VI

Any difference regarding the interpretation of application of any provisions of this Agreement shall be resolved by mutual consultations between the two Governments.

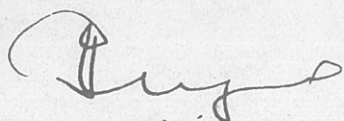
ARTICLE VII

This Agreement shall enter into force upon signature. It may be amended or modified at any time by mutual consent of the two Governments.

IN WITNESS WHEREOF the undersigned being duly authorised thereto by their respective Governments, have hereto signed this Agreement and affixed thereto their seals.

Signed in New Delhi on the Fifth Day of March , Nineteen Hundred and Ninety Six , in two originals in English.

FOR THE GOVERNMENT OF THE
REPUBLIC OF INDIA



(Pranab Mukherjee)
Minister of External Affairs

FOR THE ROYAL GOVERNMENT
OF BHUTAN



(Lyonpo Dawa Tsering)
Minister of Foreign Affairs