



**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE GOVERNMENT OF INDIA
AND
THE ROYAL GOVERNMENT OF BHUTAN
FOR THE ESTABLISHMENT OF RAILWAY LINKS
BETWEEN
INDIA AND BHUTAN**

The Government of India (hereinafter referred to as GOI), represented by Northeast Frontier Railway(Construction) under the Ministry of Railway and The Royal Government of Bhutan (hereinafter referred to as RGoB), represented by the Ministry of Infrastructure and Transport.

APPRECIATING the exemplary bilateral relationship characterized by trust, goodwill and mutual understanding at all levels, strong bonds of friendship and close people-to-people contacts between India and Bhutan;

RECALLING the MoU signed between GOI and RGoB in 2005, on establishment of railway links between the bordering towns of India and Bhutan;

DESIROUS of expanding bilateral cooperation through cross-border rail connectivity and development of railway infrastructure between India and Bhutan;

Have reached the following understanding:

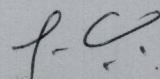
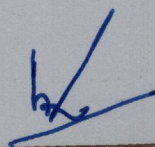
ARTICLE I (AREA OF COOPERATION FOR THE PROJECT)

GOI and RGoB shall cooperate in following areas:

1. The development of necessary railway infrastructure and establishment of broad gauge rail-link (hereinafter referred to as Project), including conduct of Final Location Survey (FLS), between: (a) Banarhat (West Bengal, India) - Samtse (Bhutan) & (b) Kokrajhar (Assam, India) - Gelephu (Bhutan);
2. Ensuring capacity building and training of Bhutanese officials in railway operations and management;
3. Establishing regulatory and legal framework for cross-border railway transportation between India and Bhutan;

ARTICLE II (FINANCING AND IMPLEMENTATION OF THE PROJECT)

The Project shall be implemented with financial and technical assistance from the GOI, based on the Engineering Procurement Contract (EPC) model, as per Indian Railway (IR) Standards with design, engineering and construction responsibilities vested with GOI, which shall be finalized in consultation with RGoB. The exact modality of implementation of the Project, including operation and maintenance of the rail infrastructure, shall be determined through mutual consultation between the two Governments.

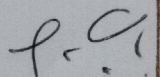
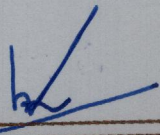


ARTICLE III
(PROJECT DIRECTOR FOR THE PROJECT)

RGoB shall appoint a 'Project Director' at the functional level from the concerned Ministry, who shall remain in regular touch with the Embassy of India, Thimphu, Northeast Frontier Railway (Construction) and the Project Steering Committee (PSC) to facilitate the timely implementation of the Project. Both sides shall additionally designate a nodal officer each, at a suitable level, with responsibility to coordinate and facilitate implementation of the Project.

ARTICLE IV
(PROJECT STEERING COMMITTEE FOR THE PROJECT)

1. There shall be a Project Steering Committee (hereinafter referred to as "PSC") with the following composition, to monitor, supervise and give policy guidelines in the implementation of the Project.
 - a. One representative from the Ministry of Infrastructure and Transport, RGoB
 - b. One representative from the Ministry of Foreign Affairs & External Trade, RGoB
 - c. One representative from the Ministry of Finance, RGoB
 - d. One representative from the Department of Surface Transport, Ministry of Infrastructure and Transport, RGoB
 - e. One representative from the Ministry of Industry, Commerce and Employment, RGoB
 - f. One representative from the local administration, RGoB
 - g. One representative each from the Royal Bhutanese Consulate General of Assam and West Bengal, RGoB
 - h. One representative from Northeast Frontier (NF) Railway(Construction), M/o Railways, GOI
 - i. One representative from Northern Division, Ministry of External Affairs, GOI
 - j. One representative from Embassy of India, Thimphu
 - k. One representative from Consulate General of India, Phuentsholing
 - l. One representative each from Govt of Assam and Govt of West Bengal, India
 - m. One representative from Railway Board, M/o Railways, GOI
 - n. One representative from Finance Division, MEA
2. The PSC may co-opt additional members with the approval of the respective Government.
3. The PSC shall meet alternately in India and Bhutan with regular periodicity to ensure constant reviewing of the progress and address bottlenecks (if any) affecting the pace of Project's implementation. The PSC shall, however, meet at least twice a year until the completion of the Project.



ARTICLE V
(LAND AND ANCILLARY FACILITIES PROVISION)

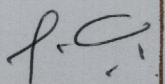
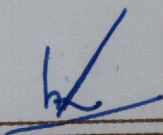
For the part of the Project within the territory of Bhutan, RGoB shall make available necessary land and all ancillary facilities. RGoB shall make necessary arrangements for the acquisition of land, buildings, the right of way where needed, shifting of utilities whenever required and environment clearances necessary, in connection with the Project and resolve administrative and other difficulties, if any. RGoB shall make arrangements to provide land free from all encroachments and encumbrances and make necessary approvals for entry and access of the Project implementing teams, to the land and property, required for the purpose of implementation of the Project. RGoB shall facilitate provision of temporary accommodation facilities including transportation for the officials of GOI visiting Bhutan for execution of the project.

ARTICLE VI
(RECRUITMENT AND WORK PERMITS)

The recruitment of labor, administrative, technical and other personnel for the project shall be confined to the nationals of India and Bhutan only. RGoB shall facilitate issuance of work permit and other necessary approvals for the Indian nationals as required under the law, expeditiously. RGoB will facilitate expeditious entry into or exit from Bhutan of the project related personnel including appointed firms and their teams, as and when required, in the course of the Project's implementation.

ARTICLE VII
(TAXES AND DUTIES)

1. Taxes, levies, VAT, etc related to the project and royalty of any kind shall be governed as per existing laws, rules and regulations.
2. RGoB shall exempt all taxes, levies/duties for plant, construction materials, equipment, machinery and services including Green Tax on motor vehicle and heavy machinery imported for direct use in the construction of the Project until the date of completion of the Project. Any procurement made under tax exemption basis shall be liable for tax payment as per the Tax Act of the RGoB, if disposed of in Bhutan.
3. The lists of plant, construction materials, equipment, machinery and services for the direct use in the project shall be prepared in consultation with the relevant authorities of both the parties.
4. RGoB shall not levy any income tax on any employee of the GOI or a State owned enterprise of the GOI employed directly or engaged in the Project. However, any other contractor, sub-contractor or consultants recruited in connection with the Project, will be liable for tax in Bhutan as per the Income Tax Act of Bhutan. Further, such recruiting agencies shall be responsible for deducting and remitting Tax Deducted at Source (TDS) as per the provision of the said Income Tax Act of Bhutan.



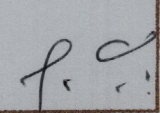
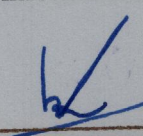
5. Any taxes that may be applicable on services provided by Indian agencies involved in the Project shall be reimbursed by the GoI.
6. Project vehicle, plant and machinery of any Indian firm and their team, if applicable, related to Project shall be allowed to bring in under the temporary admission system without payment of duties/levies/taxes of RGoB. Project vehicle, plant and machinery of the Indian firms, if applicable, which need license for operation or movement including driving license, shall be issued temporary license in accordance with the prevailing law in Bhutan, on the basis of valid license issued by the competent authority of India and certified by the Embassy of India, Thimphu. RGoB shall facilitate expeditious issuance of all such documents by the competent authority in Bhutan.

ARTICLE VIII (LOGISTIC AND ARRANGEMENTS)

1. RGoB will assist to arrange space for appropriate office/residential accommodations at or near the site(s) of the project execution. Rent of the said office or residential accommodations including furnishing and telecommunications shall be borne by the user or users.
2. Security required for ensuring an environment conducive for execution of the project for the implementing firms and their teams and at related project sites shall be provided by RGoB without any cost chargeable to estimate of the project.
3. The cost of electricity, power, water, for the project, shall be borne by the users. RGoB shall assist in obtaining supply of electricity/power and water for implementation of the Project.
4. RGoB shall make available free of cost necessary topographical, geological and geo-technical, data of the project area available with RGoB. Arrangement of necessary survey and drilling machinery, other machinery/ equipment shall be the responsibilities of the implementing firm of the project.
5. RGoB shall expeditiously arrange all administrative, environmental, legal, technical and other clearances before commencement of construction. RGoB shall make provision, free of cost, of all reference documents including maps & drawings for the execution of the project, through the Project Director of RGoB to the implementing firm.
6. The projected traffic data for passenger and freight traffic, as available with RGoB will be provided to GOI. Further, RGoB will provide required assistance for necessary traffic survey and other studies as required.
7. RGoB shall render all assistance in arranging requisite permissions for using locally available raw materials to be used in the project i.e. suitable earth and blanketing materials for construction of railway embankment, sand, fine /coarse aggregates, dumping grounds for excavated materials and Track Ballast etc.

ARTICLE IX (CONFIDENTIALITY)

1. Where a participant provides information to the other participant in accordance with this Memorandum and designates the information as confidential, the participant receiving the information shall maintain the confidentiality of the information, use it only for the



- purposes specified by the participant providing the information, and not disclose it without specific written permission of the participant providing the information.
2. The participant may discuss and conclude any specific arrangement or understanding between them on the protection of confidential information, which may be derived from cooperation under this Memorandum.
 3. The participants agree that the provisions of this paragraph shall continue to have a binding effect on the participants notwithstanding the terminations of this Memorandum

ARTICLE X (COMPLIANCE WITH LAWS AND IMMUNITY)

The Indian personnel of GOI or the firms and their team, if applicable, working on the project in Bhutan, shall at all times, respect the laws of Bhutan. However, no suit, prosecution or legal proceedings shall be instituted against any such person or anything done or purported to be done in good faith for the successful and expeditious implementation of the Project except for such acts as constitute gross negligence, willful misconduct, crimes under the laws of India as well as the laws of Bhutan.

ARTICLE XI (DISPUTE SETTLEMENT)

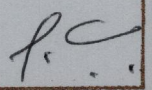
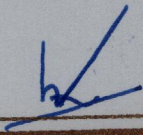
Any differences regarding the interpretation or application of any provision of this MoU shall be resolved through mutual discussions.

ARTICLE XII (MUTUAL CONSENT)

1. This MoU may be amended or modified from time to time by mutual written consent of the both Governments.
2. Any other connectivity project, which is considered feasible by either of the governments can be included under ambit of this MoU with mutual written consent of the both Governments.

ARTICLE XIII (APPLICABLE LAWS AND JURISDICTION)

Applicable laws of respective countries shall apply to that part of the project which is executed within its territory.



**ARTICLE XIV
(TERMINATION)**

This MoU may be terminated by either party, at any time, by giving 6 (six) months written notice. The Parties shall mutually consult with each other to determine whether activities or projects under this MoU should continue or not. Termination will not affect the validity of any contracts or agreements made under this MoU.

**ARTICLE XV
(COMMENCEMENT)**

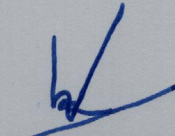
This MoU shall come into force from the date of its signing and shall remain in force till the completion and commissioning of the Project.

Prior to the commissioning of the railway link a separate arrangement shall be entered into between Northeast Frontier Railway (Ministry of Railway, GOI) and the Ministry of Infrastructure and Transport, RGoB for Train Operations and Maintenance of Rolling Stock. The financial modalities of such an arrangement will be decided by both sides. Rolling stock for operations of the trains will be provided by GoI on a grant basis.

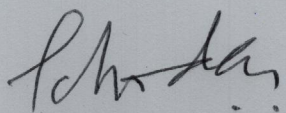
The foregoing represents the understanding reached between the Parties on the matter referred to in this MoU and does not create any legally binding obligations upon the parties.

Signed at...Delhi.....[place] on...29.09.2025.....[date] in two originals in the English language.

**For the Northeast Frontier Railway,
Ministry of Railways,
Government of India**


**Shri Satish Kumar
Chairman & CEO,
Railway Board,
Ministry of Railways
Government of India**

**For the Ministry of Infrastructure and
Transport,
Royal Government of Bhutan**


**Ms. Pema Choden
Secretary,
Ministry of Foreign Affairs and External
Trade,
Royal Government of Bhutan**