

AGREEMENT BETWEEN HIS MAJESTY'S GOVERNMENT OF NEPAL AND  
THE GOVERNMENT OF INDIA ON THE GANDAK  
IRRIGATION AND POWER PROJECT

(Dated 4th December, 1959)

*Preamble*—Whereas His Majesty's Government of Nepal and the Government of India consider that it is in the common interests of both Nepal and India to construct a barrage, canal head regulators and other appurtenant works about 1,000 feet below the existing Tribeni canal head regulator and of taking out canal systems for purposes of irrigation and development of power for Nepal and India (hereinafter referred to as "the project").

And whereas in view of the common benefits, His Majesty's Government have agreed to the construction of the said barrage, canal head regulators and other connected works as shown in the Plan annexed to this Agreement to the extent that they lie within the territory of Nepal, by and at the cost of the Government of India.

Now the parties agree as Follows:—

1. Investigation & Surveys:— His Majesty's Government authorise the Project Officers and other persons acting under the general or special orders of such Officers to move in the area indicated in the said Plan with men, material and equipment as may be required for the surveys and investigations in connection with project, before, during and after construction, as may be found necessary from time to time. These surveys include ground, aerial hydraulic, hydrometric, hydrological and geological surveys, investigations for communication and for the alignment of canals and for material required for the construction and maintenance of the project.

2. Authority for the execution of works and their maintenance:—(i) His Majesty's Government authorise the Government of India to proceed with the execution of the project and for this purpose His Majesty's Government shall acquire all such lands as the Government of India may require and will permit the access to, the movement within and the residence in the area indicated in the Plan of officers and field staff with labour force, draught animals, vehicles, plants, machinery, equipment and instruments as may be necessary for the execution of the Project and for its operation and maintenance after its completion.

(ii) In case of any apprehended danger or accident to any of the structures, the officers of the Government of India will execute all the works which may be necessary for repairing the existing works for preventing such accidents and or danger in the areas indicated in the Plan. If any of such works have to be constructed on lands which do not belong to the Government of India, His Majesty's Government will authorise these works to be executed and acquire such additional lands as may be necessary for the purpose. In all such cases the Government of India shall pay reasonable compensation for the lands so acquired as well as for damage, if any, arising out of the execution of these works.

3. Land acquisition:—(i) His Majesty's Government will acquire or requisition, as the case may be, all such lands as are required by the Government of India for the Project, i.e. for the purpose of investigation, construction and maintenance of the Project and the Government of India shall pay reasonable compensation for such lands acquired or requisitioned.

(ii) His Majesty's Government shall transfer to the Government of India such lands belonging to His Majesty's Government as are required for the purpose of project on payment of reasonable compensation by the Government of India.

(iii) Lands requisitioned under paragraph (i) shall be held by the Government of India for the duration of the requisition and lands acquired under sub-clause (i) or transferred under sub-clause (ii) shall vest in the Government of India as proprietor and subject to payment of land revenue (Malpot) at the rates at which it is leviable on agricultural lands in the neighbourhood.

(iv) When such land vesting in the Government of India or any part thereof ceases to be required by the Government of India for the purposes of the Project, the Government of India will reconvey the same to His Majesty's Government free of charge.

4. Quarrying:—His Majesty's Government shall permit the Government of India on payment of reasonable royalty to quarry materials, such as block stones, boulders, shingles and sand required for the construction and maintenance of the Project from the areas indicated in the said Plan.

5. Communications:—(i) His Majesty's Government shall allow the Government of India to construct and maintain such portion of the Main Western Canal which falls in the Nepal territory and to construct and maintain communications for the construction and maintenance of the Project. The roads will be essentially departmental roads of the Project and their use by commercial and non-commercial vehicles of Nepal will be regulated as mutually agreed upon between His Majesty's Government and the Government of India.

(ii) The bridge over the Gandak Barrage will be open to public traffic, but the Government of India shall have the right to close the traffic over the bridge for repairs etc.

(iii) The Government of India agree to provide locking arrangements for facility of riverine traffic across the barrage free from payment of any tolls whatever, provided that this traffic will be regulated by the Project staff in accordance with the rules mutually agreed upon between His Majesty's Government and the Government of India.

(iv) His Majesty's Government agree to permit installation of telegraph, telephone and radio communications as approximately indicated in the Plan for the bonafide purpose of the construction, maintenance and operation of the Project.

(v) The Government of India shall permit the use of internal telegraph, telephone and radio communications as indicated in the Plan to the authorised servants of His Majesty's Government in emergencies, provided such use does not interfere with the construction, maintenance and operation of the Project.

6. Ownership, Operation and Maintenance of works:—Subject to the provisions of sub-clause (v) of clause 7, all works connected with the Project in the territory of Nepal will remain the property of and be operated and maintained by the Government of India.

7. Irrigation for Nepal:—(i) The Government of India shall construct at their own cost of the Western Nepal Canal including the distributary system thereof down to a minimum discharge of 20 cusecs for providing flow irrigation in the gross commanded area estimated to be about 40,000 acres.

(ii) The Government of India shall construct the Eastern Nepal Canal from the tail-end of the Don Branch Canal upto river Bagmati including the distributary system down to a minimum discharge of 20 cusecs at their own cost for providing flow irrigation in Nepal for the gross commanded area estimated to be 1,03,500 acres.

(iii) His Majesty's Government shall be responsible for the construction of channels below 20 cusecs capacity for irrigation in Nepal but the Government of India shall contribute such sum of money as they may consider reasonable to meet the cost of construction.

(iv) The Nepal Eastern Canal and the Nepal Western Canal shall be completed, as far as possible, within one year of the completion of the barrage.

(v) The canal systems including the service roads situated in Nepal territory except the Main Western Canal, shall be handed over to His Majesty's Government for operation and maintenance of their cost.

Also the head regulator of the Don Branch Canal shall be operated by His Majesty's Government keeping in view the irrigation requirements of areas irrigated by this branch canal in India and Nepal.

8. Power Development and Reservation for Nepal:— (i) The Government of India agree to construct one Power House with an installed capacity of 15,000 KW in the Nepal territory on the Main Western Canal.

(ii) The Government of India also agree to construct a transmission line from the Power House in Nepal to the Bihar border near Bhausalotan and from Sugauli to Raxaul in Bihar in order to facilitate supply of power on any point in the Bihar Grid up to and including Raxaul.

(iii) The Government of India shall supply power to His Majesty's Government at the Power House and or at any point in the Grid up to and including Raxaul to an aggregate maximum of 10,000 KW up to 60 per cent load factor at power factor not below 0.85. The charges for supply at the Power House shall be the actual cost of production, and on any point on the Grid up to Raxaul it shall be the cost of production plus the cost of transmission on such terms and conditions as may be mutually agreed upon.

(iv) His Majesty's Government will be responsible for the construction at their own cost of the transmission and distribution system for supply of power within Nepal from the Power House or from any point on the Grid up to and including Raxaul.

(v) The ownership and management of Power House shall be transferred to His Majesty's Government on one year's notice in writing given by them to the Government of India after the full load of 10,000 KW at 60 per cent load factor has been developed in Nepal from this Power House.

(vi) The ownership of the transmission system constructed by the Government of India at its cost shall remain vested in the Government of India, but on transfer of the Power House, the Government of India shall continue the arrangements for transmission of power, if so desired by His Majesty's Government, on payment of the cost of transmission. Provided that His Majesty's Government shall have the right to purchase the transmission system from the Power House to Bhaisalotan situated in the Nepal territory on payment of the original cost minus depreciation.

(vii) The Government of India shall be free to regulate the flow into or close the Main Western Canal Head Regulator temporarily, if such works are found to be necessary in the interest of the efficient maintenance and operation of the Canal or the Power House, provided that in such situation the Government of India agree to supply the minimum essential power from the Bihar Grid to the extent possible on such terms and conditions as may be mutually agreed upon.

9. His Majesty's Government will continue to have the right to withdraw for irrigation or any other purpose from the river or its tributaries in Nepal such supplies of water as may be required by them from time to time in the Valley.

For the trans-valley uses of Gandak waters, separate agreements between His Majesty's Government and the Government of India will be entered into for the uses of water in the months of February to April only.\*:

10. Deleted. †

11. Sovereignty and jurisdiction:—Nothing in this Agreement shall be deemed to derogate from the Sovereignty and territorial jurisdiction of His Majesty's Government in respect of lands acquired by His Majesty's Government and made available to the Government of India for investigation and execution and maintenance of the project.

12. Arbitration:—(1) Any dispute or difference arising out of or in any way touching or concerning the construction effect or meaning of this Agreement, or of any matter contained herein of the respective rights and liabilities of the parties hereunder, if not settled by discussion, shall be determined in accordance with the provisions of this clause.

(2) Any of the parties may by notice in writing inform the other party of its intention to refer to arbitration any such dispute or difference mentioned in sub-clause (1) and within 90 days of the delivery of such notice, each of the two parties shall nominate an arbitrator for jointly determining such dispute or difference and the award of the arbitrators shall be binding on the parties.

(3) In case the arbitrators are unable to agree the parties hereto may consult each other and appoint an Umpire whose award shall be final and binding on them.

13. This agreement will come into force with effect from the date of signatures of the authorised representatives of His Majesty's Government and the Government of India respectively.

\*This has been amended vide the revised agreement signed on the 30th April, 1964.

The original clause reads as follows:—

"9. Protection of Nepal's riparian rights — His Majesty's Government will continue to have the right to withdraw for irrigation or any other purpose from the river or its tributaries in Nepal such supplies of water as may be required by them from time to time and His Majesty's Government agree that they shall not exercise this right in such manner as is likely, in the opinion of the parties hereto prejudicially to effect the water requirements of the project is set out in the Schedule annexed hereto."

The Schedule referred to may be seen in Appendix II.

†This has been deleted in accordance with the revised agreement signed on the 30th April, 1964.

The original clause reads as follows:

"10. Pro rata reduction of supplies during period of shortage—Whenever the supply of water available for irrigation falls short of the requirements of the total area under the Project for which irrigation has to be provided the shortage shall be shared on pro rata basis between the Government of India and His Majesty's Government."

IN WITNESS WHEREOF the undersigned being duly authorised thereof by their respective Governments have signed the present AGREEMENT, in Nepali, Hindi and English in duplicate, all three texts being equally authentic, at Kathmandu this 19th day of Marg Sambat 2016 corresponding to December 4, 1959. For purposes of interpretation the English text shall be used.

For the Government of India  
For and on behalf of the  
President of India  
BHAGWAN SAHAY  
Ambassador of India.

On behalf of  
His Majesty's Government of  
Nepal  
SUBARNA SHAMSHERE  
Deputy Prime Minister.

APPENDIX I

CORRESPONDENCE CONNECTED WITH THE AGREEMENT

EMBASSY OF INDIA, NEPAL  
KATHMANDU

Dated the 4th December, 1959

My Dear,

There are a few matters pertaining to the Gandak Irrigation and Power Project Agreement in respect of which certain understandings are necessary. They are detailed below:—

- (a) Subclauses (i) and (ii) of clause 3 lay down that the Government of India shall pay reasonable compensation for acquisition or requisition of any lands which may be required for the project. It is agreed that for purposes of taxation of rates of compensation His Majesty's Govt. would appoint an Expert Committee with which Revenue Officers of the Gandak Project would also be associated. The Committee will visit the area of the Project and fix the principles for assessment of compensation payable for each lands. The total compensation payable for the lands acquired or requisitioned will be calculated on the basis of the agreed rates fixed by the Committee. The Govt. of India shall deposit the agreed amount of compensation to the credit of His Majesty's Govt. in the Rashtra Bank. Thereupon His Majesty's Government will make the required arrangements of payment of compensation to those persons to whom it may be due.
- (b) Clause 4 provides that His Majesty's Government will grant permission to the Govt. of India for the quarrying of materials required for the construction and the maintenance of the Project in the areas shown in the plan annexed to the Agreement. It is our understanding that if suitable materials are not available from these areas in sufficient quantities His Majesty's Govt. will permit on the request of the Govt. of India quarrying in such other areas as may be mutually agreed upon.
- (c) Sub-clause (ii) of clause 7 of the Agreement states that under the Eastern Nepal Canal the gross commanded area will be 1,03,500 acres. It may be explained that this gross commanded area will be possible only on the execution of the training works on the river Bagmati for which certain proposals have already been under discussion with His Majesty's Govt. The river has been taking a westward course and certain training works are required to be set up in order to divert it back into its old eastern channel to flow under the Bagmati Railway Bridge. Without the river training scheme the gross commanded area will not exceed 93,000 acres.
- (d) Sub-clause (iii) of clause 7 of the Agreement refers to a contribution by the Government of India of a sum which they consider reasonable towards the cost of construction of channels below 20 cusecs capacity for irrigation in Nepal. It is our understanding that such contribution would not cover any cost of land acquisition or the channels but would be related only to the actual expenditure on works. As regards the later it is estimated that a sum of rupees fifteen lakhs will be sufficient and accordingly the Government of India will make this sum available to His Majesty's Government in suitable instalments according to the progress of construction.
- (e) Sub-clause (v) of clause 8 provides that the ownership and management of the power house shall be transferred to His Majesty's Government on one year's notice by them after the full load of 10,000 K.W. at 60 per cent load factor has been developed in Nepal from this power house. It is our understanding that for a period of fifteen years after obtaining the ownership and management of the Power House His Majesty's Government would be generating secondary power to the full extent possible and supplying it to the Government of India on payment of its actual cost of production.
- (f) The schedule annexed to clause 9 gives the minimum quantities of water required for the Project after making the allowance for the withdrawal of water from the upper reaches of the Gandak river and its tributaries sufficient for the irrigation of two lakh acres which is the minimum area estimated to be available for the purpose. It is our understanding that if at any time, due to natural causes, the supplies in the river are insufficient for all the purposes His Majesty's Government will be entitled to continue to withdraw water sufficient for the irrigation of such area.

- (g) His Majesty's Government and the Government of India also agree to set up as early as possible a Co-ordination Committee consisting of three representatives of each Government with a Minister of His Majesty's Government as its Chairman and the Chief Administrator of the Project as its Secretary. The Committee will meet from time to time to consider such matters of common interest concerning the Project as may be referred to it by either Government with a view to expeditious decisions for the early completion of the Project. The Government of India will bear all expenditure in connection with the working of the Committee, such as salaries of special staff, if any, travelling allowance of members, etc.
2. I shall be grateful if you will kindly confirm the understandings explained above.

Yours sincerely,

(Sd.)

BHAGWAN SAHAY  
Ambassador of India

His Excellency Sri Subarna Shamshe,  
Deputy Prime Minister,  
His Majesty's Government of Nepal.

SINGHA DURBAR, NEPAL

KATHMANDU  
Dated the 4th December, 1959.

My Dear,

I acknowledge the receipt of your letter of the 4th December, 1959 regarding the Gandak Irrigation & Power Project which is as follows :—

“There are a few matters pertaining to the Gandak Irrigation & Power Project Agreement in respect of which certain understandings are necessary. They are detailed below:—

- (a) Sub-clauses (i) and (ii) of clause 3 lay down that the Government of India shall pay reasonable compensation for acquisition or requisition of any lands which may be required for the Project. It is agreed that for purposes of fixation of rates of compensation, His Majesty's Government would appoint an Expert Committee with which Revenue Officers of the Gandak Project would also be associated. The Committee will visit the area of the Project and fix the principles for assessment of compensation payable for such lands. The total compensation payable for the lands acquired or requisitioned will be calculated on the basis of the agreed rates fixed by the Committee. The Government of India shall deposit the agreed amount of compensation to the credit of His Majesty's Government in the Rashtra Bank. Thereupon His Majesty's Government will make the required arrangements for payment of compensation to those persons to whom it may be due.
- (b) Clause 4 provides that His Majesty's Government will grant permission to the Government of India for the quarrying of materials required for the construction and maintenance of the Project in the areas shown in the Plan annexed to the Agreement. It is our understanding that if suitable materials are not available from these areas in sufficient quantities His Majesty's Government will permit on the request of the Government of India quarrying in such other areas as may be mutually agreed upon.
- (c) Sub-clause (ii) of clause 7 of the Agreement states that under the Eastern Nepal Canal the gross commanded area will be 1,03,500 acres. It may be explained that this gross commanded area will be possible only on the execution of the training works on the river Bagmati for which certain proposals have already been under discussion with His Majesty's Government. The river has been taking a westward course and certain training works are required to be set up in order to divert it back into its old eastern channel to flow under the Bagmati Railway Bridge. Without the river training scheme the gross commanded area will not exceed 93,000 acres.

- (d) Sub-clause (iii) of clause 7 of the Agreement refers to a contribution by the Government of India of a sum which they consider reasonable towards the cost of construction of channels below 20 cusecs capacity for irrigation in Nepal. It is our understanding that such contribution would not cover any cost of land acquisition for the channels but would be related only to the actual expenditure on works. As regards the latter it is estimated that a sum of rupees fifteen lakhs will be sufficient and accordingly the Government of India will make this sum available to His Majesty's Government in suitable instalments according to the progress of construction.
- (e) Sub-clause (v) of clause 8 provides that the ownership and management of the power house shall be transferred to His Majesty's Government on one year's notice by them after the full load of 10,000 K.W. at 60 per cent load factor has been developed in Nepal from this power house. It is our understanding that for a period of fifteen years after obtaining the ownership and management of the power house His Majesty's Government would be generating secondary power to the full extent possible and supplying it to the Government of India on payment of its actual cost of production.
- (f) The schedule annexed to clause 9 gives the minimum quantities of water required for the Project after making the allowance for the withdrawal of water from the upper reaches of the Gandak river and its tributaries sufficient for the irrigation of two lakh acres which is the maximum area estimated to be available for the purpose. It is our understanding that if at any time, due to natural causes, the supplies in the river are insufficient for all the purposes His Majesty's Government will be entitled to continue to withdraw water sufficient for the irrigation of such area.
- (g) His Majesty's Government and the Government of India also agree to set up as early as possible a Co-ordination Committee consisting of three representatives of each Government with a Minister of His Majesty's Government as its Chairman and the Chief Administrator of the Project as its Secretary. The Committee will meet from time to time to consider such matters of common interest concerning the Project as may be referred to it by either Government with a view to expedite decisions for the early completion of the Project. The Government of India will bear all expenditure in connection with the working of the Committee such as salaries of special staff, if any, travelling allowance of members etc."

I shall be grateful if you will kindly confirm the understandings explained above.

2. We confirm the understandings as indicated in your letter.

Yours sincerely,  
SUBARNA SHAMSHERE.

KATHMANDU  
April 30, 1964.

Excellency,

In the course of recent discussions it has been decided by our two Governments that certain clauses of the Gandak Project Agreement require amendment. The terms of this decision are as follows:—

- (i) It is agreed between His Majesty's Government of Nepal and the Government of India that clause 10 of the Gandak Irrigation & Power Project Agreement entered into on December 4, 1959, shall be deleted and Clause 9, shall be modified and shall hereafter read as under:—

"Clause 9. Protection of Nepal's Riparian Rights:—

His Majesty's Government will continue to have the right to withdraw for irrigation or any other purpose from the river or its tributaries in Nepal such supplies of water as may be required by them from time to time in the Valley.

For the trans-Valley uses of Gandak waters, separate agreements between His Majesty's Government and the Government of India will be entered into for the uses of water in the months of February to April only."

- (ii) The following shall be added under clause 7(v):—

"Also, the head regulator of the Don branch canal shall be operated by His Majesty's Government keeping in view the irrigation requirements of areas irrigated by this branch canal in India and Nepal."

I shall be grateful to have your confirmation that the amendments agreed upon, which will take effect immediately are correctly set out above.

Accept, Excellency, the assurances of my highest consideration.

HARISHWAR DAYAL  
Ambassador of India at the Court of Nepal

His Excellency  
Major General Padma Bahadur Khatri,  
Foreign Secretary,  
His Majesty's Government of Nepal,  
Kathmandu.

KATHMANDU  
April 30, 1964.

Excellency,

I have the honour to acknowledge receipt of your letter dated April 30, 1964 reading as follows:-

"In the course of recent discussions it has been decided by our two Governments that certain clauses of the Gandak Project Agreement require amendment. The terms of this decisions are as follows:—

"(i) It is agreed between His Majesty's Government of Nepal and the Government of India that Clause 10 of the Gandak Irrigation & Power Project Agreement entered into on December 4, 1959, shall be deleted and Clause 9 shall be modified and shall hereafter read as under:—

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His Majesty's Government will continue to have the right to withdraw for irrigation or any other purpose from the river or its tributaries in Nepal and supplies of water as may be required by them from time to time in the Valley.

For the trans-Valley uses of Gandak waters, separate agreements between His Majesty's Government and the Government of India will be entered into for the uses of water in the months of February to April only.

"(ii) The following shall be added under clause 7(v):—

Also, the head regulator of the Don branch canal shall be operated by His Majesty's Government keeping in view the irrigation requirements of areas irrigated by this branch canal in India and Nepal.

I shall be grateful to have your confirmation that the amendments agreed upon, which will take effect immediately, are correctly set out above."

2. I hereby confirm that this correctly sets out the agreed amendments, which are to take effect immediately.

Accept, Excellency, the assurances of my highest consideration.

PADMA BAHADUR KHATRI,  
Foreign Secretary,  
His Majesty's Government of Nepal.

His Excellency Shri Harishwar Dayal,  
Ambassador of India at the Court of Nepal,  
Kathmandu.



## APPENDIX II

SCHEDULE OF WATER REQUIREMENT OF THE GANDAK PROJECT IN CUSECS  
 (Vide clause 9 of the original agreement signed on December, 4, 1959.)

Month	Western Canal system and power house in Nepal	Eastern Canal system and power house in India	Total
January	6,960	4,540	11,500
February	6,100	3,900	10,000
March	5,960	3,690	9,650
April	5,760	4,340	10,100
May	8,270	7,980	16,250
June	11,190	14,000	25,190
July	15,240	13,980	29,220
August	14,980	14,000	28,980
September	14,980	14,000	28,980
October	16,060	14,110	30,170
November	11,070	13,240	24,310
December	10,410	9,290	19,700