

No. 3402

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**UNION OF SOVIET SOCIALIST REPUBLICS  
and  
INDIA**

**Trade Agreement (with schedules and exchange of letters).  
Signed at New Delhi, on 2 December 1953**

*Official texts: English and Russian.*

*Registered by the Union of Soviet Socialist Republics on 9 May 1956.*

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**UNION DES RÉPUBLIQUES SOCIALISTES  
SOVIÉTIQUES  
et  
INDE**

**Accord commercial (avec listes et échange de lettres). Signé  
à New-Delhi, le 2 décembre 1953**

*Textes officiels anglais et russe.*

*Enregistré par l'Union des Républiques socialistes soviétiques le 9 mai 1956.*

No. 3402. TRADE AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS AND THE GOVERNMENT OF INDIA. SIGNED AT NEW DELHI, ON 2 DECEMBER 1953

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The Government of the Union of Soviet Socialist Republics and the Government of India, animated by the desire to develop trade relations between the two countries, have agreed on the following :

*Article I*

1. Both the Governments will, in every possible way, develop and strengthen the trade relations between the two countries on the principles of equality and mutual benefit. They will study and with utmost goodwill take decisions on the suggestions which either of them would like to present for consideration of the other with the purpose of achieving closer economic relations.

2. For the goods imported and exported from one country to the other, both the Governments pledge themselves to grant maximum facilities allowed by their respective laws, rules and regulations.

3. The provisions of paragraphs 1 and 2 shall not however apply to the grant or continuance of any

- (a) advantages accorded by either of the Governments to contiguous countries, in order to facilitate frontier traffic;
- (b) advantages resulting from any Customs Union or free trade area to which either of the Governments is or may become a party;
- (c) preferences or advantages accorded by India to any country, existing on the date of this agreement or in replacement of such preferences or advantages that existed prior to the 15th August, 1947; or
- (d) advantages accorded by virtue of a multilateral economic agreement relating to international commerce.

4. Mercantile ships of both countries while entering, staying in or leaving the ports of the other country will enjoy the most favoured facilities granted

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<sup>1</sup> Came into force on 2 December 1953, as from the date of signature, in accordance with article X.

by the respective laws, rules and regulations to ships under the third countries' flags. This principle shall not apply to the ships engaged in coastal navigation.

### *Article II*

The export of goods from the U.S.S.R. to India and from India to the U.S.S.R. during the period of validity of the present Agreement will be carried out in accordance with the schedules to be agreed upon by the two Governments for every contractual year. The goods agreed for export from the U.S.S.R. to India and from India to the U.S.S.R. during the first year of the present Agreement are set out in schedules A<sup>1</sup> and B<sup>2</sup> respectively.

### *Article III*

The import and export of the goods stipulated in Article II will be carried out in accordance with the import, export and foreign exchange regulations in force from time to time in either country and on the basis of contracts to be concluded between the Soviet Foreign Trade Organisations on the one side and the Indian Parties on the other.

### *Article IV*

The provisions of the present Agreement do not affect the rights of the Soviet Foreign Trade Organisations and the Indian Parties to conclude between themselves subject to the import, export and foreign exchange regulations in force from time to time in both the countries, commercial transactions for the import or export of goods not included in the schedules referred to in Article II.

### *Article V*

The two Governments will render all possible assistance for the export and import of the goods mentioned in Article II and those to be exported and imported under the transactions referred to in Article IV.

### *Article VI*

All payments between the U.S.S.R. and India described in Article VII may be made in Indian Rupees. For this purpose the State Bank of the U.S.S.R. will maintain one or more accounts with one or more commercial banks in India authorised to deal in foreign exchange. In addition, the State Bank of the U.S.S.R. will, if that Bank considers this necessary, maintain another

<sup>1</sup> See p. 151 of this volume.

<sup>2</sup> See p. 153 of this volume.

account with the Reserve Bank of India. All the commercial transactions to be financed in Rupees will take place through the account (accounts) maintained with the commercial bank (banks). The account with the Reserve Bank of India will be used only for replenishing the balances with the commercial bank (banks) as and when necessary.

Payments permitted under the Indian Exchange Control laws to be made to residents of the U.S.S.R. by residents of India will be effected by crediting the amount of such payments to the above mentioned account (accounts) of the State Bank of the U.S.S.R. with the commercial bank (banks). Payments to be made by residents in the U.S.S.R. to residents in India will be effected by debiting the said account (accounts) with the commercial bank (banks). The account (accounts) will be replenished as necessary by one of the following methods namely :

- (a) by transfer of funds from another account of the State Bank of the U.S.S.R. with another commercial bank or with the Reserve Bank of India; or
- (b) by the sale of Sterling to the bank concerned.

#### *Article VII*

The provisions of the present Agreement cover the following payments :

- (a) payments for the goods delivered under the present Agreement;
- (b) payments connected with commercial transactions and covering insurance, freight (in case of shipment of goods by Soviet or Indian ships), port charges, storage and forwarding expenses and bunkering;
- (c) payments for distribution of films;
- (d) payments for technical assistance;
- (e) payments of the expenses connected with the tours of a commercial or cultural nature as well as those of official delegations;
- (f) payments for the maintenance of the Embassy and the Trade Representation of the U.S.S.R. in India and of the Embassy of India in the U.S.S.R.; and
- (g) other non-commercial payments on which agreement may be reached between the State Bank of the U.S.S.R. and the Reserve Bank of India.

#### *Article VIII*

Any balances in the Rupee accounts maintained by the State Bank of the U.S.S.R. with the Reserve Bank of India or with a commercial bank (banks) authorised to deal in foreign exchange will be convertible on demand into Sterling at the usual banks' selling rate for Sterling as fixed from time to time by the Indian Exchange Banks Association. The above mentioned balances will also be convertible into Sterling after the expiry of the present Agreement.

*Article IX*

Both the Governments will render all possible assistance for the shipping of the goods to be exported or imported under the present Agreement from one country to the other as far as possible by Soviet and Indian ships.

*Article X*

The present Agreement will come into force from the date of its signature and will remain valid for a period of five years.

The Agreement can be extended or renewed by negotiation between the Parties to be commenced three months prior to its expiry.

DONE in New Delhi on the 2nd day of December 1953, in two original copies, each of them in Russian and English, both texts being equally authentic.

On behalf of the Government of the Union of Soviet Socialist Republics :

M. A. MENSNIKOV

On behalf of the Government of India :

H. V. R. IENGAR

## SCHEDULE A

*Goods for export from the U.S.S.R. to India*

1. Foodgrains (wheat, barley).
2. Crude petroleum.
3. Petroleum products : benzine, kerosene, diesel fuel, mazut, lubricating oils.
4. Iron and steel manufactures.
5. Asbestos, raw.
6. Carbon black.
7. Chemicals.
8. Dyestuffs.
9. Medicaments, raw materials for medicines, medical instruments.
10. Timber.
11. Paper of different kinds, including newsprint.
12. Cellulose.
13. Industrial plant and equipment.
14. Boring equipment.
15. Mining equipment : cutting machines, rock-loading machines, coal combines, scraper winches, perforators, miners' picks (pneumatic) and others.

16. Road-building equipment : scrapers, bulldozers, ditchers, planers, rollers and others.
17. Building machines : concrete mixers, solution mixers, limeslackening machines, electro-vibrators and others.
18. Single and multi-shoveled excavators, auto-cranes.
19. Heavy electrical plant and equipment.
20. Electrical instruments, apparatus and appliances.
21. Compressor installations, locomobiles, pumps.
22. Gas cutting and gas and electric welding equipment and accessories.
23. Textile machinery.
24. Polygraphical equipment : printing and type-setting machines and others.
25. Food-industry equipment.
26. Shoe-industry equipment.
27. Industrial sewing machines.
28. Machine tools, accessories and metal-cutting instruments, including hard alloy points or tips.
29. Wood-working machines.
30. Hand pneumatic and electrical tools.
31. Testing-machines, laboratory equipment, control-measuring apparatus and instruments.
32. Microscopes, optical apparatus, geodesic and seismographic instruments.
33. Ball and roller bearings.
34. Tractors, agricultural machinery and implements.
35. Motor cycles.
36. Photographic and cinematographic equipment.
37. Tinned fish and caviare.
38. Cinematographic films (exposed).
39. Printed matter, including books and periodicals.

#### SCHEDULE B

##### *Goods for export from India to the U.S.S.R.*

1. Jute manufactures.
2. Raw wool.
3. Tea.
4. Coffee, raw.
5. Tobacco, unmanufactured.
6. Spices : black pepper, cardamon, ginger and others.
7. Shellac.
8. Hides and skins, tanned.
9. Calf skins, tanned.
10. Goat skins, tanned.
11. Leather and leather manufactures.

12. Vegetable oils.
13. Essential oils : sandalwood oil, lemongrass oil, palmrose oil.
14. Cordage and ropes of vegetable fibre, including coir yarn and coir ropes.
15. Chemicals.
16. Raw materials for medicines.
17. Animals, living.
18. Cinematographic films (exposed).
19. Printed matter, including books and periodicals.
20. Indian handicraft and cottage industry products.

## EXCHANGE OF LETTERS

### I

New Delhi, the 2nd December, 1953

Dear Mr. Iengar,

During the discussions for the conclusion of the Trade Agreement<sup>1</sup> between the U.S.S.R. and India it was agreed that the U.S.S.R. Government would have in India its Trade Representation to promote economic relations between the U.S.S.R. and India and to represent the interests of the U.S.S.R. in India in all matters relating to trade between the two countries. For this purpose, it was agreed that the U.S.S.R. Government can designate three of the officers of the U.S.S.R. Embassy in India, one as the Trade Representative of the U.S.S.R. and the others as his Deputies. Consistent with diplomatic conventions, these officers will be designated as (a) Commercial Counsellor and Trade Representative and (b) First Secretaries (Commercial) and Deputy Trade Representatives.

2. It was agreed that these officers will be posted in New Delhi itself and will be entitled to all the usual privileges and immunities applicable to the members of the diplomatic corps and that it will be open to them to visit places outside Delhi on official business or otherwise.

The Trade Representation, being an integral part of the Embassy of the U.S.S.R., will be located in New Delhi and will enjoy all the diplomatic privileges and immunities.

It was agreed during the negotiations that branches of the Trade Representation of the U.S.S.R. may be located in Bombay and in Calcutta, the latter

<sup>1</sup> See p. 145 of this volume.

being opened instead of the Trade Agency of the U.S.S.R. in India. Details regarding the establishment of such branches will be settled by discussion as soon as possible.

Besides the Trade Representative and his two Deputies, no member of the Trade Representation or its branches outside New Delhi shall enjoy diplomatic or consular privileges or immunities, but such facilities as are essential for the performance of their duties and may mutually be agreed upon, will be afforded to them. If, however, these persons are *de carrière* officials of the Soviet Government, certain courtesy and consideration will be extended to them.

3. It was agreed that the commercial transactions entered into or guaranteed in India by the members of the Trade Representation including those stationed in New Delhi shall be subject to the jurisdiction of the Courts of India and the laws thereof unless otherwise provided by agreement between the contracting parties to the said transactions. Only the goods, debt demands and other assets of the Trade Representation directly relating to the commercial transactions concluded or guaranteed by the Trade Representation shall be liable in execution of decrees and orders passed in respect of such transactions. It was understood that the Trade Representation will not be responsible for any transactions concluded by other Soviet Organisations direct, without the Trade Representation's guarantee.

Yours sincerely,

M. A. MENSHIKOV

H. V. R. Iengar, Esq.  
Secretary to the Government of India  
Ministry of Commerce and Industry  
New Delhi



## II

New Delhi, the 2nd December 1953

Dear Mr. Menshikov,

I write to acknowledge with thanks the receipt of your letter which reads as follows :

[See letter I]

I confirm that the position stated therein is correct.

Yours sincerely,

H. V. R. IENGAR

His Excellency Mr. M. A. Menshikov  
Ambassador Extraordinary and Plenipotentiary  
of the U.S.S.R. in India  
New Delhi

## III

New Delhi, the 2nd December, 1953

Dear Mr. Menshikov,

During the course of the negotiations for the conclusion of the Trade Agreement between the U.S.S.R. and India, the question of assistance and cooperation on technical, scientific and cultural matters between the two countries was discussed.

The representatives of the U.S.S.R. said that the U.S.S.R. Government were prepared to render technical assistance that may be necessary in the installation and operation of equipment that will be supplied by the U.S.S.R. to India under the said Agreement. The U.S.S.R. Government also expressed willingness to render technical assistance for the planning and execution of various projects in India.

The representatives of the Government of India expressed the Government of India's appreciation of the offer made by the U.S.S.R.

As the nature and extent of such assistance and cooperation will necessarily vary in each individual case, they will have to be settled as and when occasions arise for that purpose, by negotiations between Soviet Foreign Trade Organisations on the one hand and the Indian Parties with the approval of the Government of India, on the other.

Yours sincerely,

H. V. R. IENGAR

His Excellency Mr. M. A. Menshikov  
Ambassador Extraordinary and Plenipotentiary  
of the U.S.S.R. in India  
New Delhi

## IV

New Delhi, the 2nd December 1953

Dear Mr. Iengar,

I write to acknowledge with thanks the receipt of your letter which reads as follows :

[See letter III]

I confirm that the position stated therein is correct.

Yours sincerely,

M. A. MENSHIKOV

H. V. R. Iengar, Esq.  
Secretary to the Government of India  
Ministry of Commerce and Industry  
New Delhi

## V

New Delhi, the 2nd December, 1953

Dear Mr. Menshikov,

During the course of the negotiations for the conclusion of a Trade Agreement between the U.S.S.R. and India it was agreed that the question of the inclusion of hydrogenated oils, cashew nuts, dyeing and tanning substances, footwear and sports goods in Schedule B<sup>1</sup> of the Agreement will be considered as soon as possible by the representatives of the U.S.S.R. Embassy in India and the Government of India.

Yours sincerely,

H. V. R. IENGAR

His Excellency Mr. M. A. Menshikov  
Ambassador Extraordinary and Plenipotentiary  
of the U.S.S.R. in India  
New Delhi

<sup>1</sup> See p. 153 of this volume.

## VI

New Delhi, the 2nd of December, 1953

Dear Mr. Iengar,

I write to acknowledge with thanks the receipt of your letter which reads as follows :

[*See letter V*]

I confirm that the position stated therein is correct.

Yours sincerely,

M. A. MENSNIKOV

H. V. R. Iengar, Esq.  
Secretary to the Government of India  
Ministry of Commerce and Industry  
New Delhi

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