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**Press Information Bureau  
Government of India  
Ministry of Commerce & Industry**

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**Cabinet approves the new Agreement on Trade, Commerce and Transit between India and Bhutan**

The Union Cabinet, chaired by the Prime Minister, Shri Narendra Modi, has approved an Agreement on Trade, Commerce and Transit between India and Bhutan.

The bilateral trade relations between India and Bhutan are governed by the Agreement on Trade, Commerce and Transit between the Government of India and Bhutan. The Agreement provides for a free trade regime between two countries. The Agreement also provides for duty free transit of Bhutanese merchandise for trade with third countries.

The Agreement was renewed on 29th July 2006 for a period of ten years. The validity of this Agreement was extended, with effect from 29th July 2016, for a period of one year or till the new agreement comes into force, through exchange of Diplomatic notes.

The traditionally unique bilateral relations characterized by trust and understanding between India and Bhutan have matured over the years and would be further strengthened by execution of the proposed Agreement on Trade, Commerce and Transit Agreement.

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