

UNION FINANCE MINISTER SHRI PRANAB MUKHERJEE'S OPENING
STATEMENT MADE IMMEDIATELY ON ARRIVAL AT KATHMANDU AIRPORT

It is an honour and a privilege to be in this beautiful city, the capital of Nepal. It brought back fond memories of my previous visits. It has been a very busy but most useful visit to Kathmandu.

2. During the visit, I called on the Prime Minister Rt Hon'ble Dr. Baburam Bhattarai and will call on the President Rt Hon'ble Dr. Ram Baran Yadav and I also had bilateral consultations with my counterpart Hon'ble Mr. Barsaman Pun, the Finance Minister of Nepal where we reviewed bilateral economic cooperation and discussed ways and means to expand the economic relations between the two countries. I briefed Rt Hon'ble Prime Minister on the progress made on implementation of the rich and vast agenda agreed upon during the visit of the Prime Minister of Nepal to India as contained in the Joint Press Statement.

3. As you know, I am here primarily to sign the Double Taxation Avoidance Agreement (DTAA) as was agreed during the visit of Prime Minister of Nepal to India on October 20-23, 2011. I am happy that we have revised the Double Taxation Avoidance Agreement today. The revised DTAA will provide tax stability to the residents of India and Nepal and facilitate mutual economic cooperation as well as stimulate the flow of investment, technology and services between India and Nepal. In the revised DTAA the threshold withholding tax rates on dividends, interest, etc., are rationalised to reflect the present day situation and developments in the area of international taxation.

4. India has 81 such DTAA's. In line with the best practices followed, we have incorporated in this DTAA also, the provisions for effective exchange of information, assistance in collection of taxes between tax authorities and the anti-abuse provisions to ensure that the benefits of the Agreement are availed of by the genuine residents and not misused by third country residents. In the area of exchange of information, the revised DTAA provides for internationally accepted standards including sharing of bank information and sharing of information without domestic tax interest. Further, the information received can be shared with other law enforcement agencies with the consent of the information supplying country.

5. India hosted the most useful meeting of the Joint Commission of Water Resources in New Delhi two days ago. The Commerce Secretaries are going to meet next month. We are also working to fix the dates for holding the next meetings of Secretaries for Home Affairs and Ministers of Water

Resources. We have sought preliminary inputs from Nepal as a prelude to the review of treaties and agreements to be undertaken by the Foreign Secretaries. We have agreed that the Bilateral Joint Commission should be convened at an early date to review the entire gamut of the bilateral relationship including the requests from Nepal for Indian assistance for implementation of priority development projects.

6. I will also have discussions with leaders from a wide cross section of political parties including the President of Nepali Congress Mr. Sushil Koirala, former Prime Minister and Chairman of UCPN (Maoist) Mr. Puspha Kamal Dahal 'Prachanda', former Prime Minister and Chairman of CPN (UML) Mr. Jhala Nath Khanal and Deputy Prime Minister and Minister of Home Affairs and President of MJF-Loktantrik Mr. Bijay Gacchadar. I conveyed to the leadership that Government of India welcomes the 7-Point Agreement reached among the political parties that provides a firm basis for successfully concluding the remaining aspects of Nepal's peace process. We congratulate the people and the political parties in Nepal for their commitment to peacefully resolving outstanding issues in a spirit of consensus and for displaying enlightened leadership. India fully supports these efforts to pave the way for Nepal's transition to a pluralistic and inclusive multi-party democracy. I assured the Nepalese leaders of India's strong and continued commitment of support to Nepal in its transition to a democratic, prosperous, peaceful and stable future.

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commitment of support to Nepal in its transition to a democratic, prosperous, peaceful and stable future.

7. India has an abiding interest in the success of Nepal's transition to multi-party democracy and the completion of the peace process. A peaceful, democratic and prosperous Nepal is in the interest of the Nepali people, of India and of our region. India is committed to assist the Government and people of Nepal in these processes of historic change in Nepal.

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