Negotiations are also under way with other providers to increase transmission to this market.

The list of CATV equipment is very long and market opportunities are extensive. However, to give an idea of the equipment that is required, a sample list follows: c-band, ku-band dish antennas, low-noise block-down converters, demodulators, adjacent channel modulators, channel processors, satellite receivers, master amplifiers, combiners, power dividers, bullet amplifiers, line-distribution amplifiers, tap-off splitters, trunk amplifiers, channel equalizers, master antennas, high-quality co-axial cable for TV distribution, 60-channel networking employing DCS technique, head-end, CATV distribution connectors, installation, maintenance parts, high-gain antennas for homes (VHF, UHF), low-noise pre-amplifiers for homes (RF boosters), etc.

Constraints

The telecom market in India is still in transition. Major concerns for Canadian firms have been the bidding and selection process for major projects, which has not been transparent in the past; and intellectual property rights issues for patented equipment. Bureaucratic delays and obstacles also present a challenge to firms seeking to penetrate this market. Patience and perseverance are required to overcome these factors.

Customs duties are still high as compared to international standards although the Government of India has lowered the tariff on imported products and capital equipment during this fiscal year from 48 percent (plus countervailing duty of 13 percent) to 20 percent plus a 2-percent special import duty. The Government of India has also abolished the countervailing duty.

Canadian companies also lack awareness of India's manufacturing base, technical competence/capability and the vast potential for joint venture in the telecom and IT sectors.

Almost all of the world's leading multinational manufacturers of large switching equipment and providers of basic and cellular services have entered India over the last couple of years in collaboration with Indian companies, and have had their switches approved by the DoT. Multinational corporations (MNCs) that are actively pursuing the Indian market for telecom equipment and services include: Alcatel, Lucent/AT&T, Ericsson, Fujitsu, Siemens, Telstra, British Telecom, France Telecom, Shanghai PTT (China), Macau Telecom, Total Access, Singapore Telecom, Stet of Italy, Hughes Corp (USA), Air Touch, Vanguard, US West, Telesystem Wireless, Bell Canada International, Swiss PTT, Western Wireless, Bell Atlantic, Telnor, Deta Mobil, Netherland PTT, Nynex, GTE, NORTEL, Telecom New Zealand, Deutsche TeleKom, NEC etc.

Although Canadian capability is well-known in the Indian market, Canadian firms were not among the earliest entrants. Currently, companies from the United States, Australia, Europe, Japan, China and Singapore dominate the Indian telecom market.

Business Environment

For tariff issues, please refer to the section on "constraints."

The Indian telecom industry continues to liberalize and offer opportunities for foreign technology and collaboration. The Government of India has designated telecom projects as infrastructure investments, and has raised the ceiling on external commercial borrowing (ECB) from 35 percent to 50 percent of the project cost. Further, it provides a five-year tax holiday and concessional rates of tax for the remaining period of the project life under the *Income Tax Act*.

Canadian companies should set up distribution channels if they wish to be successful in the complex Indian market. Most Canadian firms choose to commence their business presence through a local representative/agent and progress to opening a representative office. A local agent or local partner is strongly recommended for the pursuit of government projects. Financing options through EDC (Export Development Corporation) and/or the Canadian International Development Agency (CIDA) can increase competitiveness. Pricing is an important element and Canadian companies must be very competitive in quoting prices if they are to win contracts.