

INVESTMENT

The Government of India understands that in order to achieve success with its plans to modernize the Indian economy it is important to attract foreign investment, something which has been difficult in the past. With the new reforms, the Reserve Bank of India can approve foreign investment automatically up to 51 percent equity in 35 high priority sectors. For other specified sectors, the amount can vary from 26 percent in the case of refineries to 100 percent for the computer software industry. There remains 8 industries which are reserved for the public sector, as well as another 17 which require licensing approval.

India is continuing to promote investment and technology transfers with the foreign community through recent changes to the Foreign Exchange Regulations Act of 1973. Of particular interest are investments that have the potential to export from India. Canada has also just renewed its Double Taxation Agreement with India and is continuing to negotiate a Foreign Investment Protection Agreement (FIPA) with India.

Market Opportunities

This document provides many examples of the various opportunities which are open to Canadian businesses through joint ventures. The Canadian Manufacturers' Association and the Canada India Business Council both have joint venture programs funded by CIDA's Industrial Cooperation Program. In addition, this program has various types of support for Canadian companies wishing to explore joint venture or technology transfer opportunities with India.

Supplier Capability

Canada has the expertise and experience in sectors which India views as priorities and therefore Canadian firms are well positioned to take advantage of the investment opportunities within the Indian economy.