
The GOI announced its new National Telecom Policy in May 1994 replacing the century old Telegraph Act. The objective of the new telecommunications policy is to substantially improve urban and rural communications facilities by 1997 and to raise the quality of services to international standards through increased domestic and foreign investment. Highlights of the new policy include: allowance for private investment in basic telecommunications services to bridge the resource gap for making telephones available on demand by 2000; and permission for registered companies to operate value-added services such as E-mail, voice mail, data services, audio and video text and video conferencing under licence on a non-exclusive basis.

The new policy represents a major departure from the previous telecom policy. The GOI has opened the door for private sector participation in basic telephone services in order to bring the telecom sector in line with the reform process and improve the infrastructure needed to increase India's competitiveness in the global market. The Government of India has recently announced it plans to use the Canadian model in developing their telecommunications regulatory system.

Market Potential

The Indian market may be second only to China in terms of worldwide business potential for Canada's exporters. India spent an estimated US\$1.93 billion in 1993-94 to install new telephone lines. During 1992-93, 1.7 million new lines were installed and 500 000 lines were replaced at a cost of US\$1.45 billion. India has a mammoth task before it to provide more extensive telephone coverage for its population of over 900 million people. The government plans to increase the number of telephone lines from seven to 20 million by the end of the decade.

At the end of the Seventh Plan in 1989-90 the telephone density in India was 0.52 per 100 people. During the Eighth Plan (1992-97), India aims to target two telephones per 100 people and make telephones available on demand by 2000. The government is planning to replace all the existing mechanical exchanges with electronic exchanges.

The public sector accounts for the bulk of the purchasing requirements for telecommunications, electronics, process control and instrumentation equipment. While core sectors - including defence, petroleum and petrochemicals, railways, civil aviation, energy and heavy engineering - still constitute 80 percent of the demand, a small but nevertheless very strong private sector is expected to expand substantially under the new National Telecom Policy.

Segment Identification and Opportunities

Business opportunities are available in the telecom services and equipment industries, rural telephone, cable television, SCADA, and human resources development activities. The opportunities range from the export of Canadian