

of the Indian economy and the expected increase of purchasing power, the future of the automobile market is good.

The continued growth of the automobile sector bodes well for the auto ancillaries industry. India has a very strong ancillary sector supplying the entire range of components required by the domestic industry. There is very little import dependency, and foreign companies have found that the best way to gain access to the market is through joint ventures and technology transfers with local partners. With the strong investment of foreign car manufacturers in India, there will be continued demand for parts and an increase in quality standards for domestic production. Continued product improvement will also expand the export market potential for Indian-produced components.

PORTS

This past year saw the adoption of *The Port Laws (Amendment) Ordinance, 1997*, which amended the *Indian Ports Act of 1908* and the *Major Port Trusts Act of 1963*. This opened the ports sector to private investment in the following areas:

- leasing out existing assets of the port
- construction and creation of additional assets, such as container terminals; berths; warehousing, container freight stations, storage facilities and tank farms; cranes and handling equipment; setting up of captive power plants; and dry-docking and ship-repair facilities
- leasing of equipment for port handling and leasing of floating crafts from the private sector
- pilotage
- captive facilities for port-based industries, including captive oil facilities.

The Ninth Five Year Plan includes an ambitious US\$48 million port-development plan. According to the Annual Report of the Union Ministry of Surface Transport, the Ninth Plan aims to increase the capacity of major ports from the current 177 million tonnes to 424 million tonnes.

The minor ports of India fall under the purview of state governments. To varying degrees, all the coastal states; Gujarat, Maharashtra, Karnataka, Kerala, Tamil Nadu, Andhra Pradesh, Orissa and West Bengal are pursuing privatization and development projects.

RAILWAYS

Railway development is largely relegated to domestic industry. Opportunities for foreign companies remain with tenders for various parts and supplies.

URBAN TRANSIT

The only current projects in the urban-transit sector are the mass rapid transit systems (MRTS) for Bangalore and Delhi, both of which involve Canadian interests. Opportunities exist with the subcontracting needs of the successful consortia.

The past year saw some positive movement with the Delhi MRTS project, which has been very much a stop-and-start proposition in the past. In September 1996, the Cabinet committed US\$135 million toward the MRTS project and the Delhi Metro Rail Corporation was incorporated. Several international consortia are interested in the project, with financing likely to be brought in by Japan's Overseas Economic Co-operation Fund (OECF).

Work on Bangalore's MRTS is proceeding.

ROADS

India has a two-million km. road network, of which 34 058 km. are part of the National Highway system. Only five percent of highways are four-lane, 80 percent are two-lane and the remaining 15 percent are single-lane. The Government of India predicts that freight traffic will double every 10 years and the vehicle population will double in less than five years. A joint study by the Central Road Research Institute (CRRI) and the AsDB has estimated that at least 10 000 km. of new expressway will be required by the year 2015. The estimated cost of such a project is between C\$32 and C\$40 billion.

In January 1997, the government approved and issued guidelines for private-sector investment in the national highway sector. These include:

