

It is generally not possible for Canadian companies to obtain tender documents from India without local assistance. This is needed to build contacts and relationships in an environment which, while changing, is still bureaucratic and slow, and needs personalized attention. The Canadian High Commission in New Delhi and the Canadian Consulate in Bombay can assist in identifying suitable local agents and/or joint venture partners.

Recent Developments

India will spend 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 itself to provide more extensive telephone coverage for its population of 880 million people. The government plans to increase the number of telephone lines from seven to twenty million by the end of the decade. DoT recently issued letters of intent for joint ventures proposed by Fujitsu, Ericsson, and Siemens, for each to set up one telephone exchange with 100,000 subscriber lines.

Major New Policy Initiatives

In view of its liberalized industrial policy, the government has taken several new initiatives to expand and modernize the telecommunication network in India. For example, in a major policy change, the government opened up the cellular telephone and paging sectors to private sector operators. Other reforms include automatic approval for up to 51 percent foreign equity participation in new ventures; and private sector involvement in value-added services, the provision of network management services for the national and metropolitan networks, and EDI and voice-mail services.

Customs duties have also been drastically reduced. For example, capital goods for export-oriented production can be imported at 15 percent duty with an export obligation of four times the CIF value of exports over 5 years; there is 25 percent import duty on specified capital goods and project imports; the import of components without a license is permitted subject to actual user condition; and import duty on raw materials for the manufacture of optical fibre has been reduced from 90 to 20 percent.

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 six telephones per 100 people. It also plans to provide a telephone facility at every village in India. The government is planning to replace all the existing mechanical exchanges with electronic exchanges (for an overview, see the attached table on the proposed targets for the Eighth Plan for this sector).