

While there are more than 300 giant corporations in India including multinationals, small and medium sized firms are leading the country's economic growth. Much like in Canada, these companies possess the entrepreneurial spirit for success. India offers opportunities for Canadian food processing SMEs to join with Indian SMEs for domestic and global rewards.

Cereal Grain Products

To keep pace with this growing demand, the food processing industry in India is committed to becoming high-tech and high-volume, able to supply both the domestic and world markets. India's exports of processed foods are targeted to reach US\$ 1,000 million in 1997 from the current level of US\$ 100 million. With investment reforms, including the almost complete delicensing of food processing industries, the processed foods sector has drawn a large chunk of Foreign Direct Investment in the last few years. For the fiscal year ending March 1995, the Government of India received investment commitments exceeding \$2.5 billion of which foreign direct investment was over \$720 million. By the end of the Eighth Plan Period (1992-1997), investment in the organized food processing industry is expected to be \$3 billion. With the Government of India providing incentives and an easier working environment for foreign investors, both the Indian corporate sector and multinational corporations (MNCs) have jumped into the food processing industry, with participation from farm to factory.

Canadian direct investment in India has grown rapidly over the last few years. Compared with about \$8 million a year between 1987 and 1992, the Indian Ministry of Industry estimates that Canadian investment in the first six months of 1995 alone was valued at \$131 million, including large scale investments in food processing. During the January 1995 Team Canada Trade Mission to India, a revised agreement for the avoidance of double taxation was signed by Canada and India. This ensures that profits, income, gains or capital arising in one country and paid to a resident of the other country will not be doubly taxed and it reflects more accurately the current tax policies of the two countries. The revised agreement will improve the climate for investment and the conduct of business and will reinforce economic relations between Canada and India.