and, more importantly, develop crucial personal contacts that are often vital to securing contracts in India. Already more than 250 Canadian companies have agency agreements in India.

Foreign firms can hold up to 100 percent equity in facilities set-up in the Indian export processing zones (EPZs). In the EPZs, the firms are required to export 75 percent of their total production and are allowed to sell the balance in the domestic market, after paying the duties on the imported components and materials. All exports receive several incentives such as Cash Compensatory Support, a tax holiday for five years, and a waiver from income tax on the export profits. Repatriation of the profits and the dividends are allowed. Several computer hardware assembly operations have been established in these zones and the state governments are optimistic that more such ventures will be incorporated in the next two to three years.

No special marking or labelling requirements exist in trading with India. Customs officials require information relating to the name, number of pieces, air waybill details, and the country and port of origin to assess the value of the import duty. Generally, these details will be incorporated on the air waybill.

A letter of credit is generally an accepted method of payment for imports.

Complexity of the Indian Business Environment

While it is considerably easier to do business in India today, the complexity of the Indian business environment still presents challenges for foreign business.

Bureaucratic Bottlenecks. While investment approvals have been greatly facilitated and the restrictive "Import Licence Raj" has nearly been abolished, bureaucratic bottlenecks still exist in implementing projects or in clearing shipment through customs. Reforms have not trickled down to the lower echelons of the bureaucracy, especially at the state level.

Privatisation Policy Guidelines. The GOI has privatised services in many sectors such as power, roads, and telecommunications - all of which offer excellent opportunities for Canadian companies. However, there are still conflicting policies and often vague guidelines regarding government guarantees, rates of return, and the bidding process.

Connections. India remains a country where connections play a pivotal role in