

- Supply of equipment against competitive global tenders;
- Setting up of joint ventures with equity participation;
- Transfer of technologies against term or royalty payments;
- Supply of equipment against long term loans;
- Training in high-technology areas; and
- Consultancy services.

The first area will remain open as long as the government needs to import equipment, which in the past has been largely funded by the World Bank and other international financial institutions. Multinational companies have been successful in India for a long time and have made concerted efforts to carve out a niche for themselves in a highly competitive environment. Close monitoring of frequent policy changes have enabled them to establish long-term business strategies. They have now also capitalized on the government's economic liberalization policies.

Long term collaboration agreements have been executed for most of the equipment required by the DoT. Imports have been generally made on an ad hoc basis. Indigenous production has been increasing by almost 15 percent per annum. In 1986, the value of equipment manufactured in India was estimated at US \$ 650 million, which increased to US\$ 800 million in 1987 and to US \$ 1 billion in 1989 (latest statistics); a trend that compares favourably with global trading in telecommunication equipment.

The multinationals consider this 15 percent annual growth a vital indication of the potential of the Indian market. They recognize that India is one of the last markets of this magnitude in the world that is now being opened up. In fact, the Indian market should witness a five-fold increase in imports in the near future. To reach the target of 20 million telephones by 2000, India will need around US \$ 500 billion worth of combined investment from domestic and international sources.

Market potential exists for Canadian industry in the following areas: packet switching; cellular telephone services; paging systems; optical fibre; international links; V-SAT; digital microwave systems; RF Links; satellite terminals, and facsimile switches.

*Canadian companies will need to make serious efforts to capture a market share in India. They should participate in global tenders, establish long term collaboration arrangements, including joint ventures and technology transfers. As there is vast potential in almost all the sub-sectors, they must also have effective local representation.*

#### **Local Representation**

The telecommunications sector in India is competitive and volatile, depending on political, bureaucratic and administrative considerations. Local representation in India is critical to ensure early market intelligence, appropriate follow-up strategies, and a long-term presence in the market. The ideal arrangement is a collaboration with an Indian company as a licensing recipient or as a joint venture partner.