

Currently, the Indian power policies are flexible, and the government is learning by trial and error. The government is addressing several issues in consultation with Indian and foreign companies. The past year has seen clarification in sovereign guarantees and financing regulations. The government is now taking steps to amend the *Electricity Supply Act* and the *Indian Electricity Act* to further open up the transmission and distribution sectors for private participation.

OIL AND GAS

India is a complex, decentralized market, requiring patience and a commitment to succeed. Careful assessment of the market, and especially in selection of the right agent and partner, are crucial to success. Import restrictions are not a significant impediment in this sector. As India marches toward its goal of attaining self-sufficiency, there will be a continuing shift from direct imports of products and equipment toward domestic manufacturing through technical and financial collaboration. Canadian companies with state-of-the-art products and technologies would benefit from forging early strategic alliances with potential Indian joint venture partners. An added benefit of entering into a joint venture with an Indian firm is that it will allow the Canadian company to bid with its Indian partner as an Indian bidder.

Action Plan

POWER

- Priority will be placed on the promotion of Canadian expertise and technology in the power sector through active advocacy on existing projects and the encouragement of new-to-market firms.
- Increased emphasis will be given to reporting legislative and policy changes that have an impact on private and foreign involvement in the power sector, to ensure that the Canadian business community is current in its understanding of the business environment. Co-ordination with CIDA's Energy Infrastructure Services projects will be undertaken, which will include restructuring and assisting the legislative changes affecting development of the power sector in selective states.

- Efforts by posts will include greater emphasis on the transmission and distribution subsector as a new area for identification of project opportunities. There will also be co-ordination with CIDA's project to manage the distribution system in Madhya Pradesh, a joint effort with AsDB.
- Specific attention will be placed on identifying alternate energy projects and expanding the involvement of Canadian firms in this subsector.

OIL AND GAS

- The focus in this subsector will include encouraging Canadian firms to participate in the development of small and medium-sized oil fields as well as pipeline and transmission projects.
- The post will also undertake to identify additional potential agents/representatives in the oil and gas sector and to encourage Canadian firms to take advantage of their services.
- Emphasis will also be placed on increasing both the awareness of and the use of Canadian products, technologies and processes in the oil and gas sector.

Specific Initiatives

POWER

Incoming Power Mission (June 98)

Mission to expose Indian decision makers to a full range of Canadian technologies and products in the power sector, including generation, transmission and distribution of power.

Power Sector Market Update (July 98)

A formal update of the December 1995 power sector market study to be undertaken to ensure that recent legislative and other changes in this sector are reflected.

