monopolies for government agencies, such as State Trading Corporation, Minerals and Metals Trading Corporation and these items are referred to as 'canalized' imports.

b. Tendering procedures

Indian customers belong to three main categories
— The private sector
— Actual users (direct end-users), who are allowed sufficient imports to meet their minimum needs and are mostly Government, industrial and infrastructural enterprises
— "Canalizing" agencies which account for 70% of all imports, and buy bulk materials for re-sale to end users. These state trading agencies were set up to achieve economies of scale, and they usually buy through competitive tenders.

The central purchasing authority for the Government of India is the Directorate General of Supplies and Disposals (DGS & D). They buy all types of products from brooms to heavy machinery. They maintain a "list of registered suppliers" which is reviewed periodically. To sell to DGS & D firms must register with them. However some departments such as Railways, the Department of Space, Department of Telecommunications and the Department of Electronics, usually buy independently through global trenders.

Other main procurement bodies in India include public sector corporations like State Trading Corporation (STC), Minerals and Metals Trading Corporation (MMTC), Steel Authority of India (SAIL), Computer Maintenance Corporation (CMC) the Oil and Natural Gas Commission (ONGC) and Oil India Limited (OIL).

Canadian firms wishing to quote for Government Contracts must submit their tenders through an agent in India. Only in exceptional circumstances are tenders submitted directly by foreign firms.

Tenders are invited after supplying details through direct individual contact to known contractors, or through a general newspaper "Tender Notice." The Times of India and Indian Express newspapers publish these notices on a daily basis. Based on an evaluation of all valid tender documents by the client, the contract is awarded to a suitable party, who may not necessarily be the lowest bidder.

c. Agency legislation

The commercial agent is an independent merchant and negotiates transactions for or in the name of the principal. Both parties may require that the agency agreement be in writing. The agents relationship with the principal is basically that of a service agreement and his powers are subject to that agreement.

Agents rarely work on a retainer basis except in cases involving promotion over long periods. They usually receive their commission from the buyers once goods have been delivered. In dealing with such buyers it is therefore necessary to indicate the quantum of commission on the sales contract.

d. Customs duties

For a wide variety of capital goods, the Government of India must grant an import licence. Import duties of prescribed rates are payable on most items and the tariff structure is complicated. The rates range from 0-300% with most product tariffs ranging from 40-100%, calculated on an ad valorem C.I.F. basis. The Government of India also assesses an auxiliary duty which might range from 10-25%.

The total duty in the general case of project imports is 85%, whereas in the case of power projects (greater than 50 mw) and electronics industry it is 25% and in the case of fertilizer projects 15%. Besides duty being lower, it is administratively easier to import through project import heading, than to have each piece of machinery classified under its respective heading.

The Government has also introduced a concessional import duty of 25% on capital goods for export industries.

In the case of OGL imports, specific permission of the Chief Controller of Imports and Exports is not required, a regulatory role is maintained through the setting of import duties.