

facilitating connections between Indian management institutions and local companies and, by extension, with Canadian private sector firms.

**Export-Import Bank of India (EXIM)** - The EXIM offers financial support to Indian companies to promote foreign collaborations, particularly joint ventures. The Bank has stated that it would be willing to help Canadian companies find partners in India, and it is discussing greater collaboration with the CIDA INC program.

## **VIII. Financial Environment**

With the Indian Government's implementation of measures to reform the business and the financial sectors, the Indian financial environment is in a period of transformation. The removal of many import and investment related restrictions, the reduction of tariffs, and investment incentives all affect investment and export financing. Furthermore, the government has privatized many of its agencies to joint stock companies or made them limited corporations. Sovereign guarantees from the central government have declined significantly and are expected to decline further. The effects of the Helsinki Five agreement and the improved commercial viability of projects in India are expected to decrease the need for concessional financing.

To take advantage of the recent changes, many foreign companies and multinationals have either expanded their operations in India or are in the process of entering the market. Many reputable investment banks from New York and London have opened operations in India. Large Indian businesses have gained the confidence of the international capital markets and the investment community and have raised millions of dollars in foreign capital through Global Depository Receipt (GDR) issues. These firms are expected to use these funds to pay down their high-interest foreign debts or to fund major expansions or modernizations which will offer export opportunities for Canadian firms. This will also enable these firms to support local costs with greater ease. The Japan Bond Rating Service has recently up-graded India's credit rating to BBB+ (two notches above the minimum investment grade rating) and Moody's has upgraded it to investment grade.

### **1. Export Development Corporation's (EDC) Program in India**

The Export Development Corporation has played an active role in supporting Canadian exports to India. Since 1980, EDC has provided Cdn. \$700 million in financing and insurance support for Canadian exports destined for India. In 1994 alone, short-term insurance volume totalled Cdn. \$47 million. In the past five years, EDC has provided exporters with Cdn. \$29 million in medium-term insurance coverage. In addition, EDC can provide Foreign Investment Insurance (FII) to protect Canadian firms' investments in India from non-commercial risks. Historically, these transactions have included the sale of goods and services in the Indian steel, gas, mining, transportation, and power-generating industries. Much of the long-term support has been applied to large government infrastructure projects,