

Table I: Main Economic Indicators (Fiscal year ending March 1995)

INDICATOR	1994/95
GDP growth	5.3
Wholesale price inflation (%)	5.0
Current account balance (% of GDP)	-1.2
Total external debt (beginning of period; \$Bn)	86.0
Exchange rate (Rs:\$)	31.4
Population (beginning of period; M)	895

Given the economic reforms in India there has been a decentralization of economic decision making. With healthy corporate profits, continued trade liberalization, and an increasing number of business opportunities, the Indian economy is set for rapid expansion.

On-Going Economic Reforms

The reform process has brought India to position where Canadian businesses and governments are taking notice. The remainder of the 1990's will see future reforms (albeit slow) in areas of:

- 1) Continuing privatization (many state-owned enterprises await privatization).
- 2) The Government is selling off and closing loss-making enterprises.
- 3) Reducing tariff levels, allowing consumer goods imports and phasing out many import and export controls.
- 4) Forcing the banks to be more competitive, through the liberalization of interest rates, limited admission of private banks, and the possibility of allowing the private sector into insurance.
- 5) Further reductions in budgetary deficits through the elimination of subsidies in food, fertilizers, and public-sector administration.
- 6) Tackling inefficient price controls and restrictions, trade, interstate traffic, processing, and land ownership issues in the agricultural sector.

THE PULP AND PAPER SECTOR OVERVIEW:

The Indian Pulp and Paper Industry accounts for a small fraction of world production. There are over 350 mills in the country producing 2.4 million tonnes of paper and paper products of different varieties. The demand for pulp and paper has been increasing considerably during the past two decades with diversified use for printing papers, writing papers, packaging, cigarette papers, strawboard, millboard and a number of other uses. As a result there has been considerable pressure on the paper industry to augment and modernize their production.