

## **Some Observations and Trends**

Environmental protection is well-rooted in India, and the legislative mechanisms to reduce pollution are established. That enforcement is not up to western standards is obvious to anyone who visits India. However, there is a willingness to shut down polluting industrial sites, and the regulatory agencies at the state and central levels are taken very seriously.

As in Canada, the mining industry is perceived as a major polluter. In fact, the greatest breaches of environmental law in the industry tend to occur at the many small mines in India. The larger producers continue to make significant investments in environmental management technologies and processes.

The manner in which environmental laws are administered has come under criticism from industry. At the regional seminars held during the Fall, 1994, three major issues were raised:

- a) a separate "Consent to Establish" authority from Pollution Control Boards was seen to be unnecessary;
- b) the 5 hectare trigger for environmental assessments is considered too small, and should be increased to 200 ha.; and
- c) small mines should be exempt from the environmental assessment process if the investment is less than Rs. 500 million.

At time of writing, all three of these provisions remain in place. However, modest changes to the environmental assessment rules were announced in 1994 in the case of small-scale expansions of previously approved projects. Regulatory agencies at both levels of government are also very aware of the need to streamline processes in order to attract investment.

## **FINANCING**

The Indian financial system features a large, publicly-owned banking system, supplemented by financial institutions which specialize in providing capital for industrial development. The stock market system has grown rapidly in recent years. There are now 19 recognized stock exchanges, of which the largest are in Bombay, Calcutta, Delhi, Madras and Ahmedabad.

The normal range of financing mechanisms in India are available to the foreign investor. These may include loans, share issues, or the issuing of debentures. In addition to the banks, the largest of which is the State Bank of India, other key financial institutions include the Industrial Development Bank of India (IDBI), the Industrial Finance Corporation of India (IFCI), the Industrial Credit and Investment Corporation of India (ICICI), and the Industrial Reconstruction Bank of India (IRBI).

Foreign banks also operate in India. At the time of writing, the Bank of Nova Scotia in Bombay and New Delhi is the only Canadian bank to have established an office in the country.