

The Indo-Canadian Business Environment

India's foreign trade and investment policies are more welcoming today than ever before. India has undertaken a number of significant political and economic reforms affecting the regulation of foreign exchange, imports, investment, privatization, taxes, and the environment. India has all but abolished its "licence Raj" which has frustrated exporters and investors alike. The Rupee is now fully convertible on both the trade and current accounts and, more importantly, there is an emerging mind-set that India truly can achieve global status.

Even though Canada and India are not presently major trading partners, in 1994 Canadian firms captured 1.5 percent of India's import sales, almost doubling the 0.8 percent attained in 1993. This reflects the high growth potential for trade relations between Canada and India. Canada has a strong history of trade relations with India and at one time was India's third largest trading partner. Canada - India trade was very strong in 1995, with two-way trade totalling over \$1 billion.

With a gross domestic product of US\$465 billion and the recent relaxation of regulations governing foreign economic involvement, there is enormous scope for Indo-Canadian commercial cooperation in the Indian market. Many of the areas that India has identified as priority sectors are those in which Canadian firms have tremendous expertise such as: energy, telecommunications, environmental industries, to name a few. Furthermore, with a population of almost a billion people, a growing middle class, and approximately 40 million consumers earning in excess of

\$30 thousand a year, India has a ready-made market for goods and services.

In recognition of the immense potential of this rapidly expanding market, the Canadian corporate community is taking a closer look at India. Small and medium-sized companies are pursuing joint ventures and service companies are winning an increasing number of IFI funded consulting contracts. There are more than 125 Indo-Canadian industrial collaborations, in a wide range of fields.

It is important to note that for every \$1 billion of value added exports produced by Canadian firms, some 15,000 jobs are created in Canada.