

- **Complexity of the Indian Business Environment** - The Indian market has some distinct market characteristics (i.e. business practices and infrastructure) that may seem overwhelming to Canadian businesses at first. India is not for the timid or uncommitted. Generally, Canadian businesses have not looked beyond their first impression of India as companies from other countries have successfully done.
- **Market Accessibility** - Despite extensive economic reforms, a number of barriers remain which hinder access to the Indian market. Relatively high tariff rates, intellectual property protection problems, and local licensing requirements can impede market access.
- **Financing** - Prior limitations in the availability and variety of financing mechanisms for Canadian companies seeking to do business in India have been alleviated in part by increased international attention to this market. While several issues remain a concern for Canadian firms, such as accounts receivable collection risks faced by small and medium-sized enterprises' (SMEs') or capital investment risks faced by multi-national corporations (MNCs), there are an increasing number of alternatives to address those concerns.
- **Political/Economic Risk** - India's political and economic environment has certain inherent risks. These risks include the stability of the government, regional tensions, communal strife, the pace of economic reforms, and India's fiscal situation. While the situation has improved dramatically over the past four years on almost all these fronts, the continuing political/economic risk is reflected in the fact that the major international credit agencies still have not granted India an investment grade rating for their long term debt. However, Moody's recently upgraded their short term debt to investment grade.

## VI. Capturing the Opportunities

The aim of the Focus India strategy is to enhance Canada's economic and trade prospects with India by having a positive impact on the aforementioned strategic issues. There are a number of tools, mechanisms and initiatives within the scope of the strategy which can help Canadian governments and business address these issues through:

- Political Relations
- Economic/Trade Relations
- Business Development Initiatives
- Canadian and Indian Business Organizations
- Financing

This document outlines options available to Canadian governments and business and suggests how these devices can be used to address the relevant issues and promote Canadian interests.